

JPRS-SEA-86-059

7 APRIL 1986

Southeast Asia Report

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7 April 1986

SOUTHEAST ASIA REPORT

CONTENTS

AUSTRALIA

Defense Minister Interviewed on South Pacific (Graham Dobeil; Melbourne Overseas Service, 16 Mar 86) ...	1
Hawke To Visit Europe Despite 'Rupture' in Ties (Melbourne Overseas Service, 17 Mar 86)	5
Diplomat Reportedly Asked To Leave Bangladesh (Melbourne Overseas Service, 18 Mar 86)	6
Expanded Air Service Agreement Signed With Japan (AFP, 21 Mar 86)	7
Briefs	
Envoy Criticizes NZ Nuclear Stand	8
Movement Raps U.S. Nuclear Test	8
Peace Groups Warn of Danger	8

FIJI

Demonstrators Demand Independence, Protest Nuclear Tests (THE FIJI TIMES, 3 Mar 86)	9
--	---

LAOS

Army Paper Editorial on Need To Combat Superstition (KONGTHAP PASASON LAO, 26 Nov 85)	10
Mineral Corporation Chief Comments on Economic Reforms (PASASON, 15 Jan 86)	12
Improvements in Materials Supply Management, SRV Aid Viewed (PASASON, 14 Jan 86)	13
Tin Mine Gets Awards for Good Security, Production (KHAOSAN PATHET LAO, 9 Jan 86)	14

Council of Ministers Order on Tree Cutting Ban (VIENTIANE MAI, 16 Jan 86)	16
Combined Arms Training, New Unit Difficulties Seen (KONGTHAP PASASON LAO, 26 Nov 85)	18
Economic Police Role, Vientiane Operations Described (KONGTHAP PASASON LAO, 26 Nov 85)	20
Briefs	
Aid to Mong at UN Project	21
Vientiane District Police Work	21
State-Private Rice Sale	21
Bolikhamsai Bank Deposits	22
 MALAYSIA	
Communist Infrastructure at Border Crippled (M. Krishnamoorthy; NEW STRAITS TIMES, 24 Feb 86)	23
Communist Radio Station Destroyed (NEW STRAITS TIMES, 25 Feb 86)	24
Replacement of Illegals With Local Unemployed Expedited (NEW STRAITS TIMES, 22 Feb 86)	25
Few Foreign Workers Recruited (Kiri Raj; THE STAR, 25 Feb 86)	26
 NEW ZEALAND	
Police Issue New Warrants for 'Rainbow Warrior' Suspects (AFP, 14 Mar 86)	27
Palmer: French Elections Outcome Not To Ease Relations (AFP, 17 Mar 86)	28
 PHILIPPINES	
Columnist Discounts Possibility of Counterrevolution (Jose J. Burgos; ANG PAHAYAGANG MALAYA, 9 Mar 86)	29
Aquino Reportedly Advised To Abolish National Assembly (AFP, 21 Mar 86)	30
NEDA Wants High Yield Central Bank Bills Scrapped (PHILIPPINES SUNDAY EXPRESS, 16 Mar 86)	32
Central Bank Curtails Sales of Government IOU's (BUSINESS DAY, 17 Mar 86)	34

Columnist on Radio Stations; Central Bank Governor (Luis D. Beltran; PHILIPPINE DAILY INQUIRER, 9 Mar 86)	35
Development Bank of Philippines Purges Ranks (MANILA BULLETIN, 17 Mar 86)	37
Philippine National Bank Gets New Acting President (MANILA BULLETIN, 13 Mar 86)	38
Economic Indicator on Dissolution of Stock Corporations (BUSINESS DAY, 17 Mar 86)	39
Food Authority Has P1.2 Billion 'To Account for' (Michael D. Marasigan; BUSINESS DAY, 18 Mar 86)	41
Economy Places Last Among ASEAN Countries (PHILIPPINES SUNDAY EXPRESS, 16 Mar 86)	43
Editorial Urges Reduction of Taxes (PHILIPPINE DAILY INQUIRER, 10 Mar 86)	45
Paper Reveals Need To Raise Average Incomes (AFP, 19 Mar 86)	46
Economic Indicator on Manufacturing Shows Gain (BUSINESS DAY, 14 Mar 86)	47
National Steel Corporation Production Increases (Tony Pe. Rimando; MANILA BULLETIN, 16 Mar 86)	49
Economic Indicator on Metallic Mineral Exports (BUSINESS DAY, 18 Mar 86)	51
Gold Panning Sites Closely Monitored To Cut Smuggling (PHILIPPINES DAILY EXPRESS, 15 Mar 86)	53
Resources Minister Urges Ban on Log Exports (Various sources, 18, 19 Mar 86)	54
Cites Need To Protect Resources	54
Loggers Oppose Ban, by Rose de la Cruz	55
Flour Importers Given Go Ahead (Julie C. Del Castillo; BUSINESS DAY, 14 Mar 86)	56
Investigators Going Over Oil Company's Records (MANILA BULLETIN, 14 Mar 86)	58
Minister Says PNA Not To Be Abolished (PNA, 15 Mar 86)	59

Columnist Raps Information Minister for Inefficiency (Jose J. Burgos; ANG PAHAYAGANG MALAYA, 12 Mar 86)	60
Government To Sell Sequestered Media Entities (BUSINESS DAY, 17 Mar 86; PHILIPPINES DAILY EXPRESS, 17 Mar 86)	63
Arroyo Issues Statement	62
Editorial Discusses Implications	63
Released CPP Head Says Communism 'Not Yet Relevant' (Roy S. de Guzman; PHILIPPINE DAILY INQUIRER, 9 Mar 86) ...	64
Columnist Comments on Release of Communist Leaders (Maximo V. Soliven; PHILIPPINE DAILY INQUIRER, 8 Mar 86)	66
MNLF Factions May Close Ranks for Peace Talks (Joel Paredes; AFP, 15 Mar 86)	67
Explosives Discovered Near Bataan Transmission Towers (Raffy Viray; TIMES JOURNAL, 13 Mar 86)	69
Japanese Team Negotiates Photographer's Release (AFP, 15, 17 Mar 86; KYODO, 18 Mar 86)	70
Former Labor Minister Heads Team	70
MNLF Guerrillas Release Photographer	70
Further on Release	71
Lorenzo Tanada's Son, Other 'Urban Guerrillas' Reappear (Roy S. de Guzman; PHILIPPINE DAILY INQUIRER, 13 Mar 86)	72
Milan Weekly Interviews Philippines' Locsin (Teodoro Locsin Interview; EUROPEO, 15 Mar 86)	74
Former Manila Airport Manager Gave P55 Million to Marcos Aide (Miguel Genovea; PHILIPPINES DAILY EXPRESS, 15 Mar 86)	76
Constabulary Head Reassigns 12 Field Commanders (ANG PAHAYAGANG MALAYA, 8 Mar 86)	78
Ordoyo Assumes Command of 3d Infantry Division (Hilario Embrado; MANILA BULLETIN, 14 Mar 86)	80
Marcos Loyalists Reportedly Refuse To Disarm (PHILIPPINE DAILY INQUIRER, 8 Mar 86)	81
'Marcos Generals' Attend AGFO Meeting (Louis Logarta; PHILIPPINE DAILY INQUIRER, 13 Mar 86)	82
List of Recalled Diplomats Issued (PHILIPPINES DAILY EXPRESS, 15 Mar 86)	84

Briefs	
'Cronies' Planes Seized by Government	85
Attack on Civilians	85
VERITAS Shows Financial Loss	85
Detainee 'Wants' Military Service	86
AFP Officers 'Arms Dealing'	86
Philcomsat Under Government Jurisdiction	86

THAILAND

Wisdom of Strategic Goods Ban Questioned (Chen Charik; SIAM RAT SAPDA WICHAN, 16 Feb 86)	87
Part 1	87
Part 2	88
Economic Ministers Reject Proposed Tin Company (Bangkok Television Service, 10 Mar 86)	90
Briefs	
PRC Parliamentary Delegation Departs	92
Extension of the Military Service	92

CAMBODIA

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

DK Army Command Commends Mondolkiri Town Attack (Voice of the National Army of Democratic Kampuchea, 12 Mar 86)	93
DK Army Command Commends Ratanamondol Town Attack (Voice of the National Army of Democratic Kampuchea, 13 Mar 86)	94
Roundup of VONADK 7-13 Mar Battle Reports (Voice of the National Army of Democratic Kampuchea, 7-13 Mar 86)	95
Briefs	
Medical Examination Shows Minor Ailments	99
Mondolkiri Provincial Town Attacked	99

VIETNAM

LABOR

State Farms Recruit Local Montagnard Labor (Nguyen Van Hung; TAP CHI KE HOACH HOA, Aug 75)	100
---	-----

POPULATION, CUSTOMS, AND CULTURE

Population Transfer Requires Better Planning (Le Duy Phuong; TAP CHI KE HOACH HOA, Aug 85)	104
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AUSTRALIA

DEFENSE MINISTER INTERVIEWED ON SOUTH PACIFIC

BK161210 Melbourne Overseas Service in English 0810 GMT 16 Mar 86

["International Report" moderated by Graham Dobell]

[Excerpts] According to Australia's defense minister, Mr Kim Beazley, 1985 was a momentous year in terms of South Pacific history; a year which saw more world attention focussed on the area than at any time since World War II. Mr Beazley said Australia has been challenged to think deeply about the state of the South Pacific and about Australia's relationship with its emerging and independent neighbors. He points to the declaration of the South Pacific nuclear-free zone, the bombing of the Greenpeace ship, the "Rainbow Warrior," the problems of the ANZUS alliance and the continuing disagreement between the United States and New Zealand over nuclear ship visits, uncertainty and unrest in New Calddonia, the signing of a fisheries agreement between Kiribati and the Soviet Union, and Australia's liberalizing of the Spartecca [South Pacific Regional Trade and Economic Cooperation Agreement] trade agreement to give South Pacific goods much greater access to the Australian market.

In strategic terms this all took place at a time when the Americans say there has been a substantial increase in the size and capability of Soviet military forces in the Pacific. That was the starting point I took when I spoke to Mr Beazley in the defense minister's office in Parliament House.

[Begin recording] [Dobell] Minister, when you look at the growing Soviet interest in the region do you see it as a projection of their economic interest or is it much more a direct response to the long-standing U.S. interests in the region?

[Beazley] I think it is a complex of factors, and unquestionably there is a Soviet interest in fishing activities worldwide and that is in the main, a commercial interest, and that is certainly a factor in Soviet interest in the region. It is still very small and quite low key, but I think also there is an element there of being interested in an area where there is a developing foreign policy community, if you like, a much more assertive area. And once an area becomes assertive then it becomes attractive to global powers--and the Soviet Union is one of them.

[Dobell] To what extent is it a direct response to the ANZUS problems?

[Beazley] It is very hard to tell. I think that there would always be an element of increased Soviet interest in an area where there is some problem associated with an aspect of the Western alliance, but I would not want to overstress that. I think the Soviets would be interested for other reasons irrespective of what might be going on in relation to the New Zealanders and the United States and ANZUS.

[Dobell] What lesson has the Western alliance drawn from the Soviet fishing agreement with Kiribati?

[Beazley] Well, I cannot tell what lessons our allies might have drawn. I think from our point of view there is an appreciation that all the countries of the Southwest Pacific want economic independence, they want their fishing areas respected, and they want their fishing industries developed, and some at least are prepared to contemplate a wide variety of associations in securing that. And I think, there is understanding in the Australian Government, therefore, that we need to do more both at that level, and also with some of the associated problems that arise from time to time, like maritime surveillance.

[Dobell] What would Australia's attitude be, for instance, if a country such as Vanuatu moved in the same direction as Kiribati formalizing its links with the Soviet Union?

[Beazley] Well, you are beginning to put me into an area of the foreign minister's responsibility, not my own. But what I can say from the defense point of view is that our general policy through the defense cooperation program and also through assistance with maritime surveillance is to make us appear an increasingly worthwhile country to the nations of that region. And naturally, if we are seen as sufficiently worthwhile we form something of a counterattraction.

[Dobell] In terms of your ministry, do you now see defense cooperation--development of defense capability--as important in the region as the normal process of economic development, projection of Australian cultural values, and so forth?

[Beazley] No, I do not see it as important as economic development, and I doubt very much whether the nations of the region would see that. They have been very interested in agreements like Spartecca, and they talk a great deal, I know, to our minister for primary resources, and trade minister, and the like, and they would certainly themselves see that as the most important area of activity. But so, if you like, in a sense we are trailing along, but the fact is now we are trailing along, and perhaps if we have not been as active in that regard before, we are now.

[Dobell] Is there any sense that the region is using the defense issue--the Soviet Union issue--as a lever almost against the powers in the region to get more attention, to get more out of Australia, New Zealand and the United States?

[Beazley] I do not think so. I think it is much more complicated than that. I do not think that any state in that region is playing that sort of game;

the sort of, you know, 1950's aid game. Lately, there is a much more intelligent appreciation. I think what nations in the region are doing are sitting down and working out their economic futures, and making judgments on that. They are not in a sense playing semi-sophisticated games: you give me aid or else I'll beat you up and go to somebody else. I think there is a basic commitment in the area to Western type values, a basic friendliness towards Australia, and I doubt very much whether people are necessarily going to play the type of game that was allegedly played in the 1950's by some aid recipients. [end recording]

As stated by Australia's defense minister, Mr Beazley, the South Pacific forms, along with Southeast Asia, Australia's area of prime strategic interest, essentially the security of Australia's lines of communications with the United States and our major trading partner--Japan. The second inseparable strategic interest is in supporting or engendering the orientation of regional states towards policies that are in their and Australia's mutual interests.

[Begin recording] [Beazley] We recognize we have an interest in the Southwest Pacific as well as Southeast Asia. Both are important, and, I think there was a time, of course, when we were absolutely fascinated with it. During World War II it was absolutely critical to our security, and I think something of that strategic perspective has come back into Australian defense planning.

[Dobell] In the realms of theory and concept, a recent Commonwealth report suggested that small island states should look very seriously at a formal declaration of neutrality. Do you think that that sort of idea has much value?

[Beazley] Well, I really think you need to ask them. I don't think, from my point of view, I do not think we ought to be encouraging particular strategies on the Pacific Island states except to draw attention to our basic pro-Western orientation and suggest that we think that that is quite suitable, but at the same time acknowledging what we all must acknowledge that they are their own people, they are independent entities, they must arrive at their own foreign policy decisions, and the part of our foreign policy interest is being perceived as a helpful, friendly nation, and not one necessarily, overtly, and heavy-handedly trying to push them in a particular direction. So I do not think that we ought to go around encouraging them to be neutral. I do not necessarily think that we ought to put enormous...certainly I don't think we ought to go around negotiating alliances in that formal sense either. I think that we adopt the stand as a nation that they understand accepts their independence but we have our own specific orientation which we would like to see them acknowledge--and, as ourselves, having a right to do that--and we have, as I said, a basic interest in economic policy in every other element of international diplomacy and a generally favorable attitude to Western positions.

[Dobell] In a recent speech you spoke of Australia and New Zealand providing the region with strategic support and security. Now, in view of the ANZUS problems, can the region really rely on Australia and New Zealand being able to deliver that sort of help?

[Beazley] Yes, I think so. I think it will always vary from budget to budget, and then the circumstances change. But they are quite small countries in the region, a small amount of assistance goes a very long way. An awful lot of what we ought to be doing ourselves any way with our armed forces is of assistance to them. It is not a giant financial problem, it is a fairly small one, and so I think that there can be a degree of reliance built up on Australia and New Zealand.

[Dobell] I was reading an article today which suggested the most dramatic change out of the ANZUS row was not the rethinking that had been done by Australia and New Zealand, but the way that it has focussed U.S. attention on the region and that America was finally focusing on the Pacific. Do you think that is a legitimate view to take, that the most dramatic change has been in Washington's perspective?

[Beazley] I certainly think it has been a factor. There are a lot of factors involved in that Washington's assessment of where it ought to go with the islands with which it has been responsible for in the Pacific has come to a head at this time. An increasing American concern in the Philippines--an area just to the north of it, and of course, the situation in regard to the relationship with New Zealand. There is a combination of factors which has increased American interest in the area. But, I certainly think that interest has been quite substantially altered over the last couple of years: yes.

[Dobell] In what direction? How...[interrupted by answer]

[Beazley] Well, greater involvement, greater interest. But at the same time I think, as the United States has contemplated greater involvement, the United States also will come to see Australia as quite a significant player in the region.

[Dobell] Is it still a reactive thing from Washington or are they starting to think through new concepts, new structures?

[Beazley] All [word indistinct] seem to have a substantial reactive element to them: it is the nature of international relations. You are not the only player on the chessboard, so it is not only just a question of what you decide to initiate as what other people initiate for you. So, yes, in American policy there is a substantial reactive element to it, as indeed in our policy, there is. But at the same time I think there has to be a positive element in the policy. Most recently the reports that we have been having is the suggestion that the United States is beginning to get very effectively its act together on the tuna boat issue, and to play a much more constructive role in the development of fisheries in the area. And perhaps the initial reasons for the American interest was reactive, I think now one can see much more positive traits in it. [end recording]

/9274

CSO: 4200/822

AUSTRALIA

HAWKE TO VISIT EUROPE DESPITE 'RUPTURE' IN TIES

BK170924 Melbourne Overseas Service in English 0830 GMT 17 Mar 86

[Text] The prime minister, Mr Hawke, is to press on with a visit to Europe despite a rupture in relations with the European Community over agricultural trade. Officials in Canberra have said that Australia had confirmed plans for Mr Hawke to have talks in Brussels next month with the president of the European Commission, Mr Delors.

Government ministers have been highly critical of the commission for cancelling annual trade talks which were to be held in Canberra in early April. The European Commission said it did not want to attend the discussions because of the Australian Government's unfriendly attitude.

However, officials said Mr Hawke would fly on to Europe after talks in Washington in mid-April with President Reagan. The Washington meeting will also concentrate on agriculture and American export subsidies.

While Mr Hawke's European program is yet to be officially announced, it is understood he will spend one day in Brussels as well as visiting Britain, Italy, and Greece. Radio Australia's Canberra office says the talks with the Italian and Greek Governments are part of Canberra's efforts to foster divisions within the European Community. The trade minister, Mr Dawkins, has said that Australia will forcefully ram home its views about agricultural trade to Europe and the rest of the world.

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CSO: 4200/822

AUSTRALIA

DIPLOMAT REPORTEDLY ASKED TO LEAVE BANGLADESH

BK180632 Melbourne Overseas Service in English 0430 GMT 18 Mar 86

[Text] The Foreign Affairs Department has declined to comment on a report that an Australian diplomat has been asked to leave Bangladesh because of her involvement in that country's internal politics. UNITED PRESS INTERNATIONAL quotes sources in Dhaka as saying the diplomat, Ms (Mary Wicks) will leave Dhaka following a series of meetings she had with opposition leaders, including Sheikh Hasina Wajed and Begum Khaleda Zia.

A Foreign Affairs spokesman in Canberra has confirmed that Ms (Wicks) is to leave Dhaka this Friday for Australia. The spokesman said Ms (Wicks) had taken up a 2-year posting in April 1984 and in the normal course of events would have returned to Australia shortly. He would not comment directly on the report she had been asked to leave, but said the normal function of diplomats was to maintain good contacts with both government and opposition. He said Australia required its diplomats to maintain the widest possible range of contacts where they were stationed in line with Australia's own democratic process.

/9274

CSO: 4200/822

AUSTRALIA

EXPANDED AIR SERVICE AGREEMENT SIGNED WITH JAPAN

HK210354 Hong Kong AFP in English 0221 GMT 21 Mar 86

[Text] Canberra, 21 Mar (AFP)--Japan and Australia signed a new agreement here Friday to expand air services between the two countries, Australian Aviation Minister Peter Morris announced.

The agreement, signed by Mr Morris and Japanese Ambassador Toshiji Nakajima, will allow Japan Air Lines (JAL) to operate to five Australian destinations instead of the present two.

The Australian airline Qantas, which has only been allowed to operate into Tokyo, will be able to fly to four Japanese cities.

Qantas and JAL also will begin two new joint services from 1 April--a weekly service direct from Perth to Tokyo and a weekly flight from Brisbane via Cairns to Tokyo.

Japanese tourist traffic to Australia has increased dramatically in the past few years and Australia is now the second most popular destination for Japanese honeymooners after Hawaii.

/9274

CSO: 4200/822

AUSTRALIA

BRIEFS

ENVOY CRITICIZES NZ NUCLEAR STAND--Australia's ambassador for disarmament, Mr Richard Butler, has criticized the New Zealand Government's policy of banning nuclear-powered or -armed ships from New Zealand ports. He says the policy has not been viewed internationally as an effective means of ending the arms race or reducing the nuclear threat. Mr Butler, in Adelaide as part of a tour of capital cities, says he would not recommend that Australia follow New Zealand's lead. Mr Butler says Australia's role in pushing for disarmament should be to encourage meaningful dialogue between the superpowers and to make them aware of Australia's commitment to nuclear disarmament. [Text] [Melbourne Overseas Service in English 0130 GMT 18 Mar 86 BK] /9274

MOVEMENT RAPS U.S. NUCLEAR TEST--The nuclear disarmament movement in Australia has condemned the latest American atomic explosion in the Nevada desert. A spokesman for the People for Nuclear Disarmament, Mr Richard (Bolt), expressed grave concern over the American test, saying it has sabotaged hopes for a comprehensive nuclear test ban with the Soviet Union. Mr (Bolt) called on the Australian Government to put pressure on the United States to reverse its present hostility towards joining the Soviet Union in a bilateral moratorium on nuclear testing. He said Australia should consider closing the joint defense facility at Pipe Gap as a lever to force Washington to negotiate seriously with Moscow for a comprehensive test ban. Mr (Bolt) claimed that many people were becoming disillusioned because Australia had failed to act independently in its own interest on the nuclear issue. [Text] [Melbourne Overseas Service in English 0430 GMT 23 Mar 86 BK] /9274

PEACE GROUPS WARN OF DANGER--A major Australian peace organization, People for Nuclear Disarmament, says the federal government and opposition are deceiving the Australian public on the operation and purpose of United States bases in Australia. The convenor of the group, Mr Richard (Bolt), says the government claim that the bases are for defensive purposes is not true. Mr (Bolt) said his organization had obtained its information from the American naval and military journals and congressional testimony freely available in the U.S. He said people in the State of Victoria should be concerned that at two bases in Melbourne information was being gathered and processed for use by the U.S. in provocative defense planning. [Text] [Melbourne Overseas Service in English 0430 GMT 22 Mar 86 BK] /9274

CSO: 4200/822

FIJI

DEMONSTRATORS DEMAND INDEPENDENCE, PROTEST NUCLEAR TESTS

Suva THE FIJI TIMES in English 3 Mar 86 p 5

[Text] Papeete--Calling for Polynesian independence and an end to French nuclear tests in the Pacific, hundreds of marchers demonstrated peacefully near here yesterday.

The march began at the nearby township of Fada with prayers and hymns and ended on the outskirts of the Tahitian capital where the demonstration had been banned by the French high commissioner.

The demonstration was organised by Fada Mayor Oscar Temaru, head of the Polynesian Liberation Front in this French overseas territory.

The number of marchers was estimated at about 900, compared to a turnout of about 1500 at a similar demonstration last March.

Among those attending were foreign representatives of ecological and anti-nuclear organisations including Greenpeace and Dorothee Piermont, a European Parliament member representing West German "Greens."

Annie Maignot, from New Zealand, said the Pacific Islands had been peopled by ancient Polynesian navigators and that in New Zealand the Maoris were "still victims of racism."

/9317

CSO: 4200/819

LAOS

ARMY PAPER EDITORIAL ON NEED TO COMBAT SUPERSTITION

Vientiane KONGTHAP PASASON LAO in Lao 26 Nov 85 pp 1, 4

[Text] In reality, it has been a long and difficult struggle to revolutionize society and develop an awareness of the new society and the new way of life. Developing people into new socialist persons is revolutionary. It is the top priority struggle and requires the participation of every party committee and every work unit of the administration and of the armed forces. Over the past years, reality has shown us that the culture, spirit and way of life in our society are weak because of lenient leadership and management. Reactionary traditions and influences have not yet been wiped out completely; old traditions and old ways of making a living still exist and superstition and anti-social elements have re-emerged in many towns, in the countryside and in mountainous areas.

Measures of the Central Party Secretariat have pointed out that developing a new way of life and suppressing all backward traditions and superstitions are important parts of revolutionary ideology and culture, which aim to develop new, socially responsible persons with a beautiful, progressive and civilized way of life. Leadership at every level of party committees, starting from the offices of the Central Party down to the grassroots areas, cantons, communities and districts, must step up efforts in this task.

Therefore, developing a new way of life and eliminating all anti-social elements, backward traditions and superstitions can not be taken for granted by the party, the people and the armed forces. The decrepit culture and superstition must be completely eliminated before we can succeed in our revolutionary ideology and culture, which aim to develop a new person with a socialist way of life and culture and with a brilliant and progressive future. The army is an important force participating in this struggle to develop a new way of life against all such hopeless situations. Wherever an army unit is stationed, its commander must strive to be knowledgeable about the social situation and local conditions. And he must bravely lead his unit to coordinate with other work units to assist in successfully working on this task. First of all, the army must be educated and understand clearly the struggle to develop a new way of life, which is now related to the struggle against the destructive way of the enemy. We must especially develop our ideology, culture, and the new way of life;

eliminate backward traditions, superstitions and anti-social elements; and wipe out all decrepit and reactionary traditions. Along with this, we must develop new traditions and a new way of life in a socialist system with our national characteristics. A Lao socialist life style is one of "one for all and all for one." It must be expressed in productive work, in political activities in offices, in daily family life and in society.

In addition, armed forces commanders must advise soldiers to set an example of a decent culture by their way of life, and they must be anti-superstitious and bravely not participate in any backward and superstitious activities. When soldiers take home leave and stay with their families, each must lead the way against superstition and must educate, explain and encourage members of his family to throw away backward traditions and practice a civilized life style. Army units must be in charge wherever they are stationed, along with the party committee, local officials and cultural organizations, to encourage the development of a new way of life among the people and to oppose bravely backward traditions and superstitions. This model approach should be done tactfully and must always be explained smoothly and analyzed clearly. The army must help locally to suppress all undesirable elements and wipe out all superstitious activities, namely, witchcraft, fortune telling and others. The army especially must be resolute in promoting the benefits of establishing LPRYU and Patriotic Law Women's Association units and make friends with local youth and women in order to set an example. The army must make it important to oppose superstition and backward traditions among young men because they are very responsive to new things. The army must always have under surveillance enemies who would use backward traditions and superstitions to poison the people and destroy us in every area, culturally, ideologically, politically, economically and others.

With its rich experience in mass psychology, the armed forces must bravely lead all the people in marching to implement the measures of the Central Party for developing a new, civilized and continuously hopeful way of life.

12597/12624

CSO: 4206/71

LAGE

MINERAL CORPORATION CHIEF COMMENTS ON ECONOMIC REFORMS

Vientiane PASASON in Lao 15 Jan 86 p 2

[Article under rubric "Transforming the Economic Management Mechanism," views of Comrade Phanom Phouthakeo, Chief of the Lao Mineral Exploitation Corporation]

[Excerpt] Our corporation has been operated as an independent corporation, although it has been somewhat subsidized. Responsibilities, rights, and how to run the business are still ambiguous, so a lot of decision-making is still dependent on the high level and the work does not run as smoothly as it should.

The new economic system is clearing up many problems, such corporate operations, administration, financial rights, profit sharing, and the collective ownership of the workers. The new economic system is providing fundamental direction and regulations that we can put into practice.

We will thoroughly study the temporary regulations to make them clearly effective, along with studying the basic production workers in order to correctly understand them unanimously. We are aiming to expand the content of these regulations in order to lay out internal rules which we will present to the high level organization for approval. These rules will be used as a reference in running the corporation in a new and truly socialist system. The internal rules will aim to define clearly the duties and work restrictions of the corporation and the division of administration between the corporate level and the grassroots mining production level. Definitions for over-staffing and waste will be developed in order to have a defined quality level for each production unit. Salaries should be changed from a monthly salary to piece work. We should spend in line with manufacturing, aim to eliminate subsidized enterprises and raise production efficiency. And we should be able to spend according to our revenues and should make a profit. The corporation should be operated by signed contracts with the organizations that are involved in our business.

12597/12947
CSO: 4206/67

7 April 1986

LAOS

IMPROVEMENTS IN MATERIALS SUPPLY MANAGEMENT, SRV /ID VIEWED

Vientiane PASASON in Lao 14 Jan 86 p 2

[Excerpt] Materials supply management is currently taking new strides; it is becoming more orderly and with more rules, and it has improved over what it was previously. There is a definite division of management and definite allocation of responsibilities. These have promoted improvements in many types of work and they have been performing beautifully in each period. Specifically, in 1985, required war material objectives were reached much more efficiently than in 1981; construction materials increased 4.04 times; fuel by 2.8 times; and machinery parts by 1.81 times. The Lao representative office at Danang Port in the SRV also has been considerably improved. Receipts of materials from abroad through Danang Port and their transport upcountry have also grown: from 1981 to 1985, the office received 247,746 tons of materials and 2,439 cars and trucks. There has been good cooperation with the SRV in this strong growth, namely, 5 petroleum tank farms which can store 11 million liters of petroleum have been installed; two 100 ton petroleum tankers built; 148 km of petroleum pipelines built; and a 1,000 cubic meter petroleum reservoir built at Phu Ngu. In 1985, 45 tanks with 25 cubic meter capacities were manufactured. In addition, an 8,000 cubic meter capacity reservoir was built and installed at Dong Chong with the aid of the Soviet Union. A survey for the pipeline from Vinh (SRV) to Vientiane was completed. There were also aid projects from other socialist countries and other international organizations in progress in Vientiane, Savannakhet and other places around the country.

During these 10 active years, material supply cadres and workers have encouraged each other and competitively and enthusiastically performed their duties so that they would succeed in reaching the figures projected. The former disorderly management has been gradually changed to an orderly and systematic one. Management has laid out detailed, defined and appropriate regulations to eliminate losses and the waste of materials. This guarantees that the state's economization in supplying materials to departments, locales, and grassroots production areas will get better and better each day.

Enterprises under the Ministry of Material Supply are currently preparing to struggle to establish themselves and actively put into practice the temporary regulations for state enterprises of the Council of Ministers, Article 67/ Council of Ministers. These enterprises are leading the way in making a profitable economy and are gradually improving production units.

12587/12947

CSO: 4206/67

LAOS

TIN MINE GETS AWARDS FOR GOOD SECURITY, PRODUCTION

Vientiane KHAOSAN PATHET LAO in Lao 9 Jan 86 pp A5, 6

[Text] The Ministry of Industries, Handicrafts and Forestry presented two socialist victory flags to Phon Tiou Tin Mine for its beautiful and outstanding performance in exceeding its projected tin mining production each year. They were presented at a 10 year work review for the tin mine that was organized at the Phon Tiou Tin Mine in Khammouan Province at the end of December.

Mr Ki Thoummala, deputy minister of the Ministry of Industries, Handicrafts and Forestry, honorably presented these flags to the mine. For the past 10 years, this mine has been continuously commended by the government's Ministry of Industries, Handicrafts and Forestry. The plant has received 5 victory flags, 1 third order labor medal, 2 second order labor medals, 3 third order labor medals and also 7 letters of commendation from the government and the Ministry of Industries, Handicrafts and Forestry. In presenting it with the socialist victory flags and two letters of commendation, the ministry also held up this tin mine as an outstanding example of the gradual development, expansion and strengthening of the security system.

At this ceremony, Mr Khamphueay, administrative head of the Phon Tiou Tin Mine operations, pointed out the overall performance and production that Lao workers have achieved during the past years in cooperation with Soviet Union experts. Specifically, 2,076 tons of the tin ore has been mined to supply plants at three sites, Phon Teow, Nong Seuang and Bo Neng, with 4,400 tons of 35-37 percent purity tin mined. During the competition to record achievements to commemorate the two historic anniversaries in 1985, the workers of this mine produced 520 tons of tin, which is a 96 percent increase over 1981's production.

In order to constantly increase production efficiency, the plant has restored old machines and installed additional new machines, specifically, 10 electric power machines, 6 crushers, 1 filter, 1 boiler, 3 grinders, 15 water filters, other equipment and a dozen means for production.

Along with great interest in production and in improving and expanding the plant, its technocrats and workers have also taken charge in rural development tasks and in reforming the production system. They also have made a more

abundant and richer life, specifically by assisting in establishing agricultural coops in the neighboring area near the Phon Tiou mine. They have participated in constructing small scale irrigation systems for these agricultural coops. These irrigation systems can irrigate 30 ha of rice fields during the dry season. The workers of this plant have repaired 45 km of roads and 22 bridges between villages and they have also worked successfully on other tasks.

12587/12947

CSO: 4206/67

LAOS

COUNCIL OF MINISTERS ORDER ON TREE CUTTING BAN

Vientiane VIENTIANE MAI in Lao 16 Jan 86 p 2

[Text] On 3 January 1986, the Council of Ministers announced Order 01/Council of Ministers concerning the cutting down of certain types of trees. The order announced that:

Based on party and state policies concerning the preservation of forestry resources, and

Based on the proposal of the Ministry of Industries, Handicrafts and Forestry, Article 1176/Ministry of Industries, Handicrafts and Forestry, dated 27 February 1985,

That although a survey of forests and national preserve forest areas has not been done in detail, it has been noted that certain valuable and scarce trees are being cut down, with very small numbers of them being left, and that certain types of trees are almost extinct; therefore, the Council of Ministers has issued this order:

Measure 1: It is forbidden to cut any of the following trees:

- rosewood;
- pterocarpus grandiflorus;
- Dalbergia culturata Grah-hardwood;
- "Sathon";
- medicinal sandalwood;
- wild sandalwood [chanpa];
- cinnamon-sandalwood [chouanghom];
- "phoutpha";
- "Ketsana";
- teak;
- Pterocarpus macrocarpus;
- ironwood;
- Diospyros mollis;
- Cambodiana hardwood;
- Pine trees from which all resin has not yet been extracted.

Measure 2: Anyone or any unit or enterprise that violates Measure 1 of this order will be tried at a local people's court. If the violation is more serious, the matter will be taken to the People's Supreme Court.

Measure 3: Local forestry sections and local administrations are to inspect and enforce this order strictly.

Measure 4: In cases where it is necessary to cut down trees mentioned in Measure 1, local central units must apply for permission to do so to the Ministry of Industries, Handicrafts and Forestry and be presented for the approval of the Council of Ministers.

Measure 5: Each ministry and equivalent committee and department at every level of administration and the general public in the LPDR must follow this order, commencing on the date it is signed.

12527/12947

CSO: 4224/47

LAOS

COMBINED ARMS TRAINING, NEW UNIT DIFFICULTIES SEEN

Vientiane KONGTHAP PASASON LAO in Lao 26 Nov 85 p 3

[Excerpt] Commander, set your weapon for a range of 400 m, put in your shell and aim for the bull's eye!

These words come not from a bar or a club but from the combat training field of Demi-battalion F, Regiment B, Division A, at Vientiane. I follow with great interest from a three-storied guard house the activities of a mortar company and DKA gun platoon as they train for their important roles as fire support forces for helping the infantry destroy its targets. The fighters of the mortar company and their commander are changing their targets and setting up artillery to increase their expertise in arms in attacking enemies cleverly and quickly under any circumstances. Comrade Bounmek and Comrade Don tell me that most of our men are new but that they learn fairly quickly. We encourage them to practice as much as possible; the more they practice, the more their efficiency and proficiency in using weapons increase.

On my left, around 20 m away, the comrade in charge of a tank unit is observing the training of his men, who are lined up next to a mortar emplacement hole. He states that these men are doing fairly well in charging mortar shells. They are quite capable in actual combat of destroying enemies, although they are still slow in staging attacks and are not good enough in redeploying themselves in an orderly fashion. They all respond at the same time and run to the target range. Everyone looks very serious. The commander shouts: Drop your shells into your mortars! The gunners respond simultaneously. It is very exciting. Around noon I arrive at an antiaircraft unit. The men are camouflaged with leaves, as are their weapons, and it looks like an actual battlefield. If you do not listen carefully to the shouts of the commander, you will be confused because there are many types of weapons. This demi-battalion is responsible for destroying enemies in the air so that the infantry can attack enemy sanctuaries. The demi-battalion is outstanding in its discipline and uniforms. There are 5-6 soldiers near the 100 mm mortar stand, who are charged with destroying enemy targets and tanks so that the infantry can attack. In the center is the camouflaged command headquarters tent where, in addition to the demi-battalion's commander and unit heads, military command groups are ordering the tanks and the infantry to attack the enemy. When I arrive, the sounds of 7-8 tanks are reverberating around the field. The tanks are churning up so much dust that we cannot see the infantry running behind them.

Comrade First Lt Bounmy, the leader of Company F, informs me that this mobilization training involves every type of attack conveyance, including aircraft, antiaircraft artillery, tanks, antitank weapons and infantry. The demi-battalion itself is mainly divided into a mortar unit and a DKA gun unit for fire support.

We started this combat training in the beginning of October. Initially, we encountered considerable difficulty because the military was simultaneously training on and building the field. Our men are in newly formed units and lack both adequate numbers of supervisory cadres for strategy and operations and adequate equipment and vehicles. In addition, much equipment is new and modern; if we are not entirely knowledgeable about using it, its quality is irrelevant. Training has gradually improved our soldiers, step by step, from being unfamiliar with weapons to knowing how to use them to destroy targets successfully to currently being able to destroy targets completely. This is because of the close interest of the higher authorities, who are always concerned, and the ambition of our men, who see the importance of training, and the close supervision of cadres at each level of administration. However, deploying infantry behind tanks is still an unsolved problem: the men cannot see each other because it is so dusty, so they cannot keep up with each other. I sympathize with them a lot because they are covered with dust, from head to toe. There is a lot of illness every day, but the men never take a rest and never complain. They are even more enthusiastic about studying tirelessly as a test with live mortar shells approaches.

12597/12624

CSO: 4206/71

LAOS

ECONOMIC POLICE ROLE, VIENTIANE OPERATIONS DESCRIBED

Vientiane KONGTHAP PASASON LAO in Lao 26 Nov 85 p 3

[Excerpt] The Economic Police were set up in 1983 under the Police Department, Ministry of Interior. Cadres and combatants are not experienced and not yet knowledgeable in this area, but they have not neglected their duties and are performing their specialized work with determination and interest. They have simultaneously studied theory and drawn lessons for practical application at each step of the way.

Cadres and combatants have been able to perform their duties over the past years. They have joined with the Vientiane Province Economic Police to test their skills as economic police at the Motion Picture Corporation and taped one set of cassettes in 48 days. Cadres have been sent to develop their special skills as provincial Economic Police and 126 economic cases have been solved. They also have confiscated for the state assets worth 22,684,600 Kip, solved 349 smuggling cases and seized undeclared goods worth 13,487,856 Kip.

In addition to these special tasks, the Vientiane Province Economic Police are also paying attention to increasing production and improving the standard of living of the people within their area. Specifically, they are growing rice on 2 ha of land with harvests of 1 ton, raising 22 cattle and sheep, growing 70 kilograms of vegetables, and finishing construction of a warehouse and one 6 x 4 meter communal kitchen.

12597/12624

CSO: 4206/71

LAOS

BRIEFS

AID TO MONG AT UN PROJECT--(Ne Khaosan Pathet Lao) On 8 January, the Social Welfare and Veterans Committee of Vientiane Province brought some goods to help 18 Mong families from Ban Pha Yao, Na Kang, Pa and Ban Kasi Cantons of Vientiane Province. These people left their highland rice fields to settle and farm on the plains under a Pha Hoi area development project, which is a cooperative project between Laos and the UN in the Mouang Phouang District area. Aid items included 32 blankets, 18 pots, 18 mosquito nets, 38 bowls, 18 straw mats, 18 lamps, 2,180 kilograms of sticky rice, 100 kilograms of salt, 18 pails, some children's clothing and 540 galvanized sheets, which is all for gradually improving the standard of living of these people. [Text] [Vientiane PASASON in Lao 14 Jan 86 p 1] 12587/12947

VIENTIANE DISTRICT POLICE WORK--An event to review the work of the PSS of Sikhottabong District over the past 10 years was organized on 11 January 1986 on the occasion of the national anniversary celebration. Capt Bounthone Xaisongkham, chief of Sikhottabong District Police Command Headquarters, spoke to the gathering about the accomplishments of the past 10 years. He said that during the past 10 years, the Sikhottabong District PSS Command Headquarters has improved in political, cultural and social ideology. The police of this district have been able to perform their duties successfully at each level. They have really carried out regular patrols to maintain security for the people in this area. This has made life for the people normal. This police headquarters has issued 716 passports, 4,751 passes for interprovincial travel, 1,475 passes for interdistrict travel and 626 visas for Thais to enter Laos. In addition, this police headquarters also is raising 20 cows and buffalo and 35 hogs, and has planted sugarcane on 5 ha. [Excerpt] [Vientiane VIENTIANE MAI in Lao 13 Jan 86 pp 1, 4] 12587/12947

STATE-PRIVATE RICE SALE--An opening ceremony for a state-private rice trade section that will serve the entire Sikhottabong District area was held on the afternoon of 11 January at the Foodstuffs Corporation of Vientiane Municipality. One hundred cadres and state employees participated in this ceremony. At the ceremony, Mr Bounlat Phouvatanith, the deputy chief of the district trade section, the chief of the Foodstuffs Corporation and the chief of the state-private trade section of Sikhottabong District read a report about the efforts to establish this state-private rice trading section. He stated that a measure of the chairman of Vientiane Municipality administration--Article 2005/Municipality, dated 16 October 1985--and also the plans of the party

committee and the district administration committee of the trade district in combination with the Foodstuffs Corporation of Vientiane Municipality had appointed a committee that was responsible for encouraging the establishment of the state-private rice trade section. The committee researched and studied various documents and proceeded with the establishment of this trade section, which has been completed. This section has 132 private shares and 134 state shares. There is 660,000 kip in private capital, 670,000 kip in state capital, and 6,000 kip for purchasing office supplies. [Excerpt] [Vientiane VIENTIANE MAI in Lao 14 Jan 86 pp 1, 4] 12587/12947

BOLIKHAMSAI BANK DEPOSITS--In 1985, the people of Bolikhamsai Province desposited 837,000 kip with the state bank, including 177,000 kip for the savings lottery. [Excerpt] [Vientiane KHAOSAN PATHET LAO in Lao 14 Jan 86 pp A5, 6] 12587/12947

CSO: 4206/67

7 April 1986

MALAYSIA

COMMUNIST INFRASTRUCTURE AT BORDER CRIPPLED

Kuala Lumpur NEW STRAITS TIMES in English 24 Feb 86 p 4

[Article by M. Krishnamoorthy]

[Text]

KUALA LUMPUR, Sun. — Malaysian and Thai authorities believe they have destroyed the infrastructure and logistics of communists along the border near Betong.

Joint task force commander Mej-Jen Datuk Jaafar Mohammed said today the communist movement in the area was weakened when co-ordinated security operations destroyed two camps inside Thai territory.

"Our efforts have frustrated the hopes of the terrorists to regroup."

One of the camps with 10 individual sheltering units was abandoned but the other with 27 units is believed to have been recently occupied.

The combined forces are now closing in on a camp which can house about 150 communist terrorists from the 8th Company of the Marxist-Leninist faction of the Malayan Communist Party (MCP).

Mej-Jen Datuk Jaffar will meet Thai counterpart Maj-Gen Kittl Rat-

tanachaya tomorrow to review the progress in the Malaysian-Thai Joint Border Operations and to plan new strategies.

The co-ordinated operations was launched on Feb 9, but the Thais started preliminary operations from their end on Feb 2.

Security forces have yet to come into direct contact with communists since the operations started.

However, Malaysian security forces have observed enemy movement and were fired at once "but the sniper could not be identified".

"We have not found any communist camp inside Malaysian territory.

"The camp found by the Thais with about 27 units is slightly more than one kilometre from our border."

Mej-Jen Datuk Jaffar said security forces were in control of the situation in the operation area. The co-ordinated operations were aimed at eliminating the remnants of the MCP's 8th Company and 12th Regiment.

/9317

CSO: 4200/820

MALAYSIA

COMMUNIST RADIO STATION DESTROYED

Kuala Lumpur NEW STRAITS TIMES in English 25 Feb 86 p 4

[Text]

KUALA LUMPUR, Mon. — Malaysian and Thai security forces have destroyed a radio transmitting station of the clandestine Suara Rakyat Malaysia along the border near Betong.

Joint task force commander Mej-Jen Datuk Jaafar Mohammed said today the transmitting station was believed to be operated by the 8th Company of the Communist Party Marxist-Leninist (CP MAL) group.

In the operations the security forces also caught a communist terrorist and two sympathisers who are now being interrogated.

Referring to the transmitting station, Mej-Jen Datuk Jaafar said: "We have gathered sufficient evidence from documents and memos written in

Chinese that it was used as one of the transmitting stations.

"There is a large antenna, wireless parts and a generator."

He said the Thais seized the terrorists' camp where the transmitting station was located on Feb 20. They took possession of documents for further examination.

"The Thai forces are going through all the evidence and intelligence. After evaluating the documents we will discuss further action."

Mej-Jen Datuk Jaafar was briefed and shown a video screening of the captured camp by his counterpart Maj-Gen Kittl Rattanachaya this morning at Betong.

After the briefing, Datuk Jaafar visited 18 injured Thai sol-

diers. Two Thais died in the operation code-named OP TAK SIN 8601 which will conclude in two days.

However, Mej-Jen Datuk Jaafar described the operations as an achievement in disrupting communist activity near the Betong border.

"I am very happy with the co-ordinated operations and the Thais have been co-operative and understanding since the operations began on Feb 9.

"So far, our operation has destroyed the infrastructure and logistics of the communists."

Another camp belonging to the 12th Regiment of the Communist Party of Malaya was also captured in the joint-operation. This camp was used to grow food.

/9317

CSO: 4200/820

MALAYSIA

REPLACEMENT OF ILLEGALS WITH LOCAL UNEMPLOYED EXPEDITED

Kuala Lumpur NEW STRAITS TIMES in English 22 Feb 86 p 1

[Text]

JERTIH, Fri. — The Government is finding ways to expedite the deportation of illegal immigrants as part of efforts to ease the unemployment problem in the country, Deputy Home Minister Datuk Radzi Sheikh Ahmad said today.

This move was necessary as the present procedure was time-consuming, he said.

Datuk Radzi said that if most of the illegal immigrants were deported quickly, more jobs would be available for Malaysians, especially retrenched workers.

Speaking to reporters after opening the general meeting of the Besut Umno Youth division here, he said that last year alone 20,000 illegal immigrants from Indonesia, the Philippines, Thailand, Burma, Kampuchea and Bangladesh were deported.

He said the Government took a serious view of the illegal immigrant problem and was making efforts to deport the illegal immigrants promptly because they jeopardised the employment chances of the local people.

Apart from that, the Government was taking steps to expand the scope of Task Force VII which was responsible for checking the entry of illegal immigrants.

Working paper

He said a working paper would be presented to Deputy Prime Minister Datuk Musa Hitam, who is also Home Minister, for approval.

If the proposals were approved, the responsibility of the task force would cover the whole country.

Datuk Radzi said that for the moment the Government was taking steps to stop employing Indonesian workers so as to provide more jobs for the local people.

He said the move would not affect relations between Malaysia and Indonesia because under the recruitment agreement signed in May 1984 the Malaysian Government had the prerogative over recruitment of foreign workers.

He said that since the signing of the programme, 900 Indonesians had been recruited for various sectors, particularly in plantations, on a two-year contract basis.

He said those permitted to work had to abide by certain conditions, such as not marrying Malaysians and, if found breaking these conditions, they would be immediately deported.

On the Vietnamese illegal immigrants, Datuk Radzi said the Government would urge the United States to keep accepting these people.

He said more than 192,000 of the 200,000 Vietnamese boat people who entered this country over the past 10 years had been sent to the United States, Australia, Canada, France and several other developed countries.

He said that about 8,000 Vietnamese were still at the Pulau Bidong camp in Terengganu and the Sungai Besi camp in Kuala Lumpur. — Bernama.

MALAYSIA

FEW FOREIGN WORKERS RECRUITED

Penang THE STAR in English 25 Feb 86 p 4

[Article by Kiri Raj]

[Text]

PORT DICKSON, Mon. — Fewer workers from Indonesia and Bangladesh are being recruited and in some cases, recruitment has stopped completely, Labour Minister Datuk Lee Kim Sai said today.

He said the recruitment of workers from these two countries was "quite small."

"But lately even this recruitment has slowed down considerably and in some cases, it has stopped completely," he told reporters after opening an MTUC Youth seminar here.

On illegal immigrants, Datuk Lee said the Ministry's policy on this was very clear.

"We will come down hard on those who continue to employ illegal immigrants."

"Our policy is to ensure that Malaysian workers are ready to take over the jobs currently held by these immigrants,"

Datuk Lee added.

He also said the Ministry had taken action against several individuals who employed these immigrants.

The Minister said the Ministry would co-ordinate with the Home Ministry and the Immigration Department in launching a crackdown on errant employers.

Datuk Lee said that the employers had also agreed to accept trained local workers to replace the migrant labour.

"A pilot project has already been started by the MTUC to train retrenched workers to work in construction sites and estates," he said.

"Once they are ready, we would arrange jobs for them," Datuk Lee said.

He said that in certain instances, this could be done almost immediately.

Datuk Lee also said the Ministry would form State task forces in co-operation with State Governments to formulate training programmes for retrenched workers.

/9317

CSO: 4200/820

NEW ZEALAND

POLICE ISSUE NEW WARRANTS FOR 'RAINBOW WARRIOR' SUSPECTS

HK141316 Hong Kong AFP in English 1251 GMT 14 Mar 86

[Text] Wellington, 14 Mar (AFP)--New Zealand has issued fresh arrest warrants for three French army officers wanted on murder and bombing charges in the sabotage of the Greenpeace vessel "Rainbow Warrior," police said Friday.

Police in Auckland said the three, identified as Roland Verge, Jean-Michel Barcelo and Gerald Andries, were a second team of French saboteurs involved in the bombing in that city last 10 July.

They are wanted for murder, damaging a ship with explosives, and conspiracy to commit arson.

Police said that shortly before the attack they chartered the yacht "Ouvea" from New Caldedonia, which police suspect was used to smuggle into New Zealand the explosives used in the bombing.

The "Ouvea" later vanished in the South Pacific, with the three crew apparently slipping back to France, police said.

The original warrants for their arrest were issued under the aliases Raymond Velche, Jean-Michel Berthello and Eric Audrenc they had adopted for the mission, Detective Inspector Maurice Whitham told reporters.

French secret agents Captain Dominique Prieur and Major Alain Mafart are serving 10-year jail terms in New Zealand for a more direct part in the bombing that left one Greenpeace crewmember dead.

The vessel was to have led a fleet to protest French nuclear testing in the South Pacific. Deputy Prime Minister Geoffrey Palmer Thursday said the attack was as much a terrorist act as the hijacking of the "Achille Lauro" cruise liner by Palestinians.

/9274

CSO: 4200/823

NEW ZEALAND

PALMER: FRENCH ELECTIONS OUTCOME NOT TO EASE RELATIONS

HK170903 Hong Kong AFP in English 0829 GMT 17 Mar 86

[Text] Wellington, 17 Mar (AFP)--The result of the French elections will not make it easier for New Zealand to deal with France, whatever the outcome, acting New Zealand Prime Minister Geoffrey Palmer said here Monday.

"My prediction is that it will not be easy to deal with them, whatever the result," Mr Palmer told a press conference.

Mr Palmer, standing in for Prime Minister David Lange, who is currently visiting Indonesia, was speaking while the vote count continued in the French legislative elections.

"The elections could see an end to the posturing of French politicians, but it is still not clear which way the voting would go," he said.

"A clear-cut result would give you a government that was secure and therefore able to deal with New Zealand on a basis which is more reasonable than the French Government has hitherto been able to deal," he said.

However, he ended his remarks by saying that the result of the elections would make no difference either way for relations between the two countries.

Mr Palmer made no mention of the fate of the two French agents sentenced to ten years in jail for their part in the bombing of the Greenpeace vessel "Rainbow Warrior" in Auckland Harbour last July.

France has imposed unofficial trade bans on New Zealand imports in retaliation for New Zealand's continued imprisonment of the two agents.

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CSO: 4200/823

PHILIPPINES

COLUMNIST DISCOUNTS POSSIBILITY OF COUNTERREVOLUTION

HK171500 Quezon City ANG PAHAYAGANG MALAYA in English 9 Mar 86 p 4

["Now and Then" column by Jose J. Burgos Sr." "Counterrevolution?"]

[Excerpt] Apprehensions are being aired that in the event President Aquino declares her government to be "revolutionary", there is danger that some ambitious segments of the military may stage a counter-revolution. These fearful souls note that the Enrile-Ramos group which staged the successful Feb. 22-24 revolution may seize power by leading a junta. They point to the fact that the open criticism by Defense Minister Enrile of the promotion by the president of her military aide, Lt. Col. Adelberto Yap, over the heads of more senior officers, might have been meant to stir up other AFP [Armed Forces of the Philippines] officers, particularly the reformists.

I would not buy the idea of a military coup. Not at this time, anyway, when Cory C. Aquino is at the height of her popularity with the people. Any plot against her, from any source, would not succeed.

Besides, Defense Minister Enrile and AFP chief of staff, Gen. Fidel Ramos, are too level headed to dream of any such putsch. They are not demented.

Particularly, in the case of Gen. Ramos, who is a professional soldier trained in the ways of democracy, who has time and again pledged his loyalty to the flag, he will not help destroy that which he, with Enrile, had so heroically established, and for which the Filipino people owe them an everlasting debt of gratitude.

/6662

CSO: 4200/821

PHILIPPINES

AQUINO REPORTEDLY ADVISED TO ABOLISH NATIONAL ASSEMBLY

HK211006 Hong Kong AFP in English 0950 GMT 21 Mar 86

[Text] Manila, March 21 (AFP)--President Corazon Aquino may abolish the National Assembly, organize a body to draft a new constitution and rule under a provisional government in the interim, Manila newspapers said Friday.

The measures were contained in a memorandum by a panel studying a proposal to declare Mrs Aquino's government revolutionary, the newspapers said.

Mrs Aquino is expected to issue a decision on the proposal Monday, officials said.

An official who requested anonymity was quoted as saying that presidential advisers had expressed qualms over the use of the term "revolutionary government" as it might "raise eyebrows" from foreign governments.

One report said that the panel's recommendations included a draft of a presidential proclamation to announce the formation of a transitional or provisional, rather than revolutionary, government.

The dailies said copies of the panel's confidential report had been leaked to several reporters, but the government Friday maintained its official silence on the panel's recommendations.

"I'm sure those (the leaks) did not come from the minister," Justice Minister Neptali Gonzales' spokesman George Dy told AGENCE FRANCE-PRESSE, but refused to comment further on the reports. Mr Gonzales heads the five-member panel.

Presidential spokesman Rene Saguisay, who declined comment on the recommendations Thursday, was unavailable for comment Friday.

According to news reports, if the memorandum is approved as it stands, a 30-50 member body would be set up to draft a new constitution, which would be submitted to the people in a plebiscite not later than September.

The panel also reportedly recommended the abolition of the opposition-controlled National Assembly, either outright or after the new constitution, which would provide for elections to a new form of legislature, took effect.

The reports said that local government elections would also be held. The six-year terms of local officials ended March 3 but government efforts to replace them with appointed officials have met with resistance.

The panel's recommendation included the draft of a provisional constitution under which President Aquino would govern for six months, the papers said.

The provisional constitution guarantees civilian authority over the military and emphasizes the government's commitment to social, political and economic reforms, guaranteeing that basic rights and existing laws and treaties will be respected, the press reports said.

Proponents of a revolutionary government say it is needed to erase pockets of resistance to Mrs Aquino, who took power after a military-civilian revolt last month which toppled Ferdinand Marcos.

Critics fear it will only prolong instability and expose her to the temptation of using the "dictatorial" measures which enabled Mr Marcos to stay in power for 20 years.

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CSO: 4200/821

PHILIPPINES

NEDA WANTS HIGH YIELD CENTRAL BANK BILLS SCRAPPED

HK190905 Manila PHILIPPINES SUNDAY EXPRESS in English 16 Mar 86 p 9

[Text] The National Economic Development Authority (NEDA) will ask President Corazon Aquino to stop Central Bank [CB] from selling further its high-yield "Jobo Bills" which the CB uses to siphon off excess liquidity in the financial system.

NEDA director General Solita Monsod said recently that the move formed part of her recommendations in a "white paper" which she will press for adoption "en toto."

Aside from stopping the issuance of Jobo Bills, Monsod will propose the following:

--CB should avoid involvement in development financing and concentrate instead on maintaining a functioning financial system to avoid credit from being cornered by a few favored ones.

--CB and the government as a whole should not guarantee foreign debts contracted by private sector.

They should keep enough foreign exchange that this sector can use to pay its outside obligations.

The white paper, which Monsod and nine other economics professors prepared argued that the issuance of Jobo Bills was "inappropriate" because the interest paid on them upon CB's redemption causes additional liquidity.

They added that the resulting increase in interest rates on bank loans due to the high-yield on Jobo Bills made capital to private sector costly.

The interest CB paid on the Jobo Bills "represent an unlimited power (of the government) to tax the private sector."

The "Jobo bills," which are redesigned CB Certificates of Indebtedness (CBCIS), together with the treasury [T] bills of the national government have been the main tools to siphon off excess liquidity caused largely by government over-spending, particularly, in the last elections.

These short-term government securities currently earn or yield about 25 percent per year. In the past, the Jobo Bills and T-bills fetched as much as 40 percent causing massive shifts in investible funds from other investment outlets.

It was not immediately known how much Jobo Bills and T-bills were outstanding.

To effectively maintain a stable financial sector the paper also proposed to CB:

- The adoption of flexible rates for its rediscounting operations reflecting changes in cost of credit.

- Reasonable interest on reserve deposits which will reduce cost of inter-bank loans.

- Accurate recording of timely banking data which should be made available not only to foreigners but to Filipinos also.

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CSO: 4200/821

PHILIPPINES

CENTRAL BANK CURTAILS SALES OF GOVERNMENT IOU'S

HK190815 Manila BUSINESS DAY in English 17 Mar 86 p 2

[Text] A uniform interest rate of 23 percent a year took effect last week in the Central Bank's [CB] sale of government IOU--a "first" since the CB used such IOUs to reduce money in circulation.

The CB also stretched to four months the shortest maturity of the IOUs, stopping sales of 30-day, 60-day and 90-day CB bills and Treasury [T] bills last week.

Through these moves, the CB intends to slow down its IOU sales. Bankers said the rapid CB sales of government IOUs in the past weeks may have worried the CB. Outstanding CB bills and T-bills rose from P58 billion two weeks ago to P74 billion last Wednesday.

This total, P74 billion, represents a fourth of the entire commercial banking system's assets and more than half of its total loan portfolio, bankers noted.

They expect a severe fund tightness to result from such huge bank placements in government IOUs. They said the demand for loans, while still depressed at the moment, can rise in the next couple of months.

The biggest need for funding will emerge from the foreign debt rescheduling which the country is pursuing with its bank creditors abroad. In rescheduling their foreign debts, banks and other firms have to put up the peso equivalent of the loans which have already matured and pay these to the CB. Bankers expect the loan rescheduling to go full blast during the next quarter, and the demand for peso loans may thus reach several billions of pesos.

Bankers said CB payments of maturing government IOUs will fail to cover the higher loan demand. They explained that banks in the past two weeks bought government IOUs with relatively long maturities, since these offered higher rates compared to those with shorter maturities. The difference between one-year and 30-day IOU rates, for instance, was about four percentage points.

CB moves regarding government IOUs have become predictable, bankers said. When the CB, after the presidential election last month, suddenly increased by seven percentage points the IOU rates, banks knew that such rates would last only for some time. The Marcos government had wanted the CB to bring down loan rates, which more or less followed the IOU rates.

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CSO: 4200/821

PHILIPPINES

COLUMNIST ON RADIO STATIONS: CENTRAL BANK GOVERNOR

HK170852 Manila PHILIPPINE DAILY INQUIRER in English 9 Mar 86 p 4

["Straight from the Shoulder" column by Luis D. Beltran: "U.S. Wanted Fernandez"]

[Text] In all the time he was in office, I received only one letter from former Information Minister Gregorio Cendana, and it was a denial. The second letter came the other day--and again, it was a denial. Oh well. Cendana denies that 150 OMA [Office of Media Affairs] vehicles are missing--he says "quite a number of such vehicles are assigned to the various OMA regional offices in 73 provinces, not to mention some entities of the government." He adds that "a number of vehicles detailed with MBS-4 disappeared after the military take-over of the station complex on February 24." Cendana adds that only 32 of the 150 vehicles were equipped with TV monitors, the rest were equipped with movie projects--an inventory is now going on. He also denies what Reli German said about the BNFI [Bureau of National and Foreign Information] budget being completely used up, saying drawing out of the money would have been illegal. He says "when people power took over MBS-4 and the OMA at Malacanang a lot of those advocating "people power" carted office supplies, including TV monitors and video cassette recorders which may have eventually found their way to the black market in Dao, Pampanga."

Cendana also says there are no such things as two complete radio stations in the houses of two Cabinet Ministers of the Marcos regime. He says there is a radio station in Tayug, Pangasinan, run by the military. The other radio station is in Agoo, owned by National Broadcasting, a private corporation, which leased the OMA transmitter.

Information Minister Teddy Roy Loosin and Channel 4 OIC Jose Mari Velez and Reli German are herewith informed of Cendana's protestations. See, Greg, we were always fair, even if you didn't believe us before.

Since Finance Minister Jaime Ongpin is the sponsor of Central Bank Governor Jobo Fernandez, he should be the one who should ask Fernandez for a report on the status of gold owned by the Central Bank, from the time Fernandez became CB Governor.

The law requires that all gold produced in the country should be sold to the Central Bank. It should be a simple matter to compare the reports of gold mining companies of their gold sold to the Central Bank with the amount of gold in the CB mint.

Publishing such a report would instantly quell both curiosity and the fear that the gold production for that period is now in Honolulu.

Speaking of Fernandez, a valiant effort was made by some of his friends in the banking community to get the Bankers Association of the Philippines [BAP] to issue a statement supporting his retention. The result was a tumultuous meeting of the BAP in which some relatives of Vice President Doy Laurel were frequently and angrily heard. The result was that the BAP refused to endorse Fernandez, but compromised by endorsing President Aquino. Ah, a prophet not without honor, save in his own banking community.

/6662

CSO: 4200/821

PHILIPPINES

DEVELOPMENT BANK OF PHILIPPINES PURGES RANKS

HK191310 Manila MANILA BULLETIN in English 17 Mar 86 p 17

[Text] The Development Bank of the Philippines [DBP] is sustaining its silent purge of undesirable employees and officials in a move to clean up the bank's tarnished reputation. DBP Chairman Cesar Zalamea said late last week that between 60 to 70 bank employees, including some branch managers, have been dismissed after being found guilty of various irregularities committed while still in service with the bank.

He added that a good number of other employees had either been fined or demoted for their involvement in various irregularities.

Zalamea said the bank followed the Civil Service Code in coming up with penalties that were based mainly on the gravity of the offense and the availability of evidence against accused employees.

He said the complaints and administrative investigation department which he set up a few years ago has also received various complaints against certain DBP governors.

But no evidence had been found to support complaints against certain governors of the bank, he said.

Zalamea declined to specify alleged irregularities committed by various DBP personnel.

He said that over 400 cases of alleged anomalous practices in DBP had been investigated.

Of the total number, over 100 cases have been exonerated while the rest had showed complicity of different DBP personnel who were meted out with corresponding penalties, he said.

"I have maintained the CAID and the Internal Control Department [ICD] to serve as deterrent to alleged malpractices in the bank" Zalamea said.

He said it was unfair for over 4,000 personnel of DBP to be placed under a cloud of suspicion just because of the misdeeds of a few.

Three groups of DBP employees, however, branded in a common position paper the CAID and the CID as "a tool of oppression and tyranny" because they are oriented to look for faults in the lower ranks and tend to view DBP personnel in general as a bunch of "crooks."

PHILIPPINES

PHILIPPINE NATIONAL BANK GETS NEW ACTING PRESIDENT

HK140450 Manila MANILA BULLETIN in English 13 Mar 86 p 11

[Text] Vicente R. Jayme took over yesterday as acting president of the government-owned Philippine National Bank [PNB] from Placido Mapa Jr. amid strong clamor for a sweeping management revamp and a dismantling of personality cliques in management that are identified with former President Roberto S. Benedicto and the so-called "mosquito squadron" identified with exiled former presidential legal adviser Manuel Lazaro.

Immediately after the turnover ceremonies yesterday, Jayme closeted himself to a day-long meeting with the bank's management team and reportedly got an earful of the problems of the bank, including reports of demoralization of the younger executives who have been prejudiced by overstaying retireable senior executives.

Long before he left PNB as president in the late 1960's, Benedicto was known to be still holding sway at PNB through a clique that controlled its management. Two senior executive vice presidents of the bank have been identified with Benedicto, the sources said.

Another special clique within the bank was the so-called "mosquito squadron" of lawyers organized by Lazaro who, by virtue of a decree, was appointed special legal counsel. The decree also designated Lazaro's office of government corporate counsel as an agency empowered to initiate proceedings on behalf of the PNB for foreclosure of bad accounts, mostly big industrial borrowers.

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CSO: 4200/821

PHILIPPINES

ECONOMIC INDICATOR ON DISSOLUTION OF STOCK CORPORATIONS

HK190811 Manila BUSINESS DAY in English 17 Mar 86 p 8

["Economic Indicator" column: "Fewer Companies Close Shop"]

[Text] Fewer domestic stock corporations and partnerships closed shop in the first month of the year compared to the same month last year, according to the latest investment report published by the Securities and Exchange Commission (SEC).

The SEC listed a total of 13 firms dissolved in January this year, five firms less than the 18 recorded last year.

Total capital withdrawn likewise declined, falling by a sharp 80.98 percent from P26.93 million last year to P5.12 million this year.

The bulk of the capital take-out came from five domestic stock corporations this year. Last year, there were 10 companies disbanded. Capitalization withdrawn showed the same pattern, falling by a hefty 86.54 percent from P25.99 million to P3.50 million this year.

On the other hand, there were also eight partnerships dissolved in January as in last year but the amount of paidup capital investments withdrawn was bigger. From P947,000 last year, capital taken out with the dissolution of the eight partnerships this year jumped 71.59 percent to P1.62 million.

Dissolution of Existing Domestic Stock Corporation & Partnerships
January 1985 to January 1986 (Amount in thousand pesos)

	Total		Domestic Stock Corporations		Partnerships	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
1985						
January	18	26,934	10	25,987	8	947
February	10	2,864	8	2,760	2	104
March	15	72,331	8	71,580	7	751
April	15	2,929	12	2,059	3	870
May	10	2,469	9	2,459	1	10
June	15	1,003,919	8	1,003,034	7	885
July	10	287,092	8	286,492	2	600
August	19	7,284	13	7,069	6	215
September	14	10,440	10	10,116	4	324
October	13	74,044	10	73,826	3	218
November	10	15,306	7	14,743	3	563
December	14	234,413	11	234,138	3	275
Total	163	1,740,025	114	1,734,263	49	5,762
1986						
January	13	5,124	5	3,499	8	1,625

Source: Securities and Exchange Commission

/6662

CSO: 4200/821

PHILIPPINES

FOOD AUTHORITY HAS P1.2 BILLION 'TO ACCOUNT FOR'

HK190701 Manila BUSINESS DAY in English 18 Mar 86 p 24

[Article by Michael D. Marasigan]

[Text] The National Food Authority [NFA] has P1.2 billion in procurement funds to account for, Agriculture and Food Minister Ramon Mitra said.

In a dialogue with farmers and government officials, Mitra said NFA's procurement operations were ordered stopped two weeks ago because an audit had revealed that funds were missing.

Mitra's statement was a response to a query made by the NFA's representative in Palawan who asked why their office has been ordered to stop procurement operations.

In a talk with newsmen, Mitra said the missing funds were allegedly "used for buying grains but the grains can't be located." He said it could have been accumulated over the years and used by the former First Lady Imelda Marcos for her "lavish trips abroad."

Former NFA administrator "(Jesus) Tanchanco is known to be very close to Imelda," Mitra said.

Mitra first learned about the missing funds from Philipinas Shell President Cesar Buenaventura who is now auditing various government entities. (BUSINESS DAY tried to get in touch with Buenaventura but his secretary at Shell said her boss is now on leave.)

The NFA has commissioned the accounting firm Sycip, Gorres and Velayo to conduct the audit which has required a suspension of NFA's procurement operations and freezing of NFA's farm loan releases.

Newly installed NFA administrator Emil Ong issued a memorandum suspending payments for all NFA debts, including those of its subsidiaries and attached agencies, until the audit is completed.

However, the order has been recalled after the agriculture officials realized the implications of the suspension orders.

A stoppage of NFA procurement operations would place small farmers under the mercy of traders who could then manipulate palay prices easily.

At the same time freezing of farm loans could derail the rice and corn programs. The five million strong Farmers League of the Philippines (FLP) has threatened to stage drastic measures to ensure they get financing on time.

The NFA is a conduit of the MAF's [Ministry of Agriculture and Food] productivity programs--intensified rice production program, expanded corn program and national soybeans program. It handles about P213 million of the P720 million productivity fund while the Quedan Guarantee Fund Board, an NFA-attached agency, handles another P90 million for farm loans.

NFA's procurement operations on the other hand involves billions of pesos.

On the other hand, NFA's procurement operation for grains alone involves billions of pesos.

In a press statement, Ong said the NFA will closely coordinate with the MAF to speed up the full resumption of providing loans to farmers. However, Ong said he has instructed NFA field officials to continue extending the loans, particularly in areas where the food agency has stocks of such inputs as fertilizers and pesticides.

He also said the food agency is making representations with the Budget Ministry for their procurement funds.

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CSO: 4200/821

PHILIPPINES

ECONOMY PLACES LAST AMONG ASEAN COUNTRIES

HK190909 Manila PHILIPPINES SUNDAY EXPRESS in English 16 Mar 86 p 10

[Text] The Philippines is now at the bottom line within the ASEAN and other comparable neighboring countries, according to a research document prepared by economists from the Ateneo Alumni headed by Ramon M. Quesada.

Three indicators were singled out in the study to arrive at the conclusions, namely: Income Per Person, Growth Rate of Income Per Person, and Inflation Rate. The period covered was from 1965 or from the year President Marcos assumed office up to 1985.

In 1965, the country was considerably ahead of Thailand and Indonesia and in the same situation as South Korea. By 1984, South Korea and Thailand's income per person were 171 percent and 14 percent higher than the Philippines.

With a 3.95 percent drop in the gross domestic product of the Philippines for 1985, it is estimated that Indonesia has overtaken the Philippines.

The Philippines had the highest inflation rate for the last two years. In 1985, it was the only country with a double-digit inflation rate. This is reflected in the dramatic price increases even of staple food items like rice, fish, and vegetables.

From 1970-79, the country had the lowest growth rate in income per person. By 1984, it was the only ASEAN country with a negative income growth rate.

This is reflective of the present unemployment rate which has reached a double-digit figure, and the underemployment rate which has been estimated to be at least 35 percent.

It means that out of a labor force of 21 million, about half are either unemployed or underemployed.

Trade which was expected by the government to provide some economic relief in 1985 showed, on the contrary, a 10 percent drop in exports. This was an ominous sign of an impending inability to pay foreign debts which is estimated to be over \$30 billion as of 1985 (as compared to \$491 million in 1965).

Seventy percent of the population is estimated to be below poverty line income (P2,000/month). This means that 38.5 million Filipinos are just living a life of basic subsistence.

Even if all household's income is allocated to food alone without taking into account expenses for clothing, water, education, and transportation, each person will have less than P11.00 to spend per day.

The current ratio of foreign debt to exports is 6:1 well beyond the benchmark of 2:1. In 1965, exports even exceeded foreign debt obligations.

Income Per Person in Constant 1980 U.S.\$

<u>Country</u>	<u>1965</u>	<u>1980</u>	<u>1984</u>
Singapore	\$1270	\$4410	\$5750
Taiwan	750	2150	2600
South Korea	440	1400	1760
Malaysia	760	1480	1730
Thailand	330	650	740
Philippines	430	700	650
Indonesia	220	470	516

<u>Country</u>	<u>Inflation Rate</u>			
	<u>1981</u>	<u>1983</u>	<u>1984</u>	<u>1985*</u>
Philippines	14.6	10.3	50.4	23.8
Indonesia	12.2	11.8	10.5	8.0
Thailand	12.7	3.7	0.9	3.0
Malaysia	9.7	3.7	3.9	0.7
Singapore	8.3	1.2	2.6	2.0
South Korea	21.3	3.4	2.3	2.2
Hong Kong	15.0	10.0	9.0	3.5
Japan	4.9	1.8	2.3	2.5
China	2.6	2.1	2.5	2.9
Taiwan	16.3	1.8	0.2	-0.1

*Estimate

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CSO: 4200/821

PHILIPPINES

EDITORIAL URGES REDUCTION OF TAXES

HK170803 Manila PHILIPPINE DAILY INQUIRER in English 10 Mar 86 p 4

[Editorial: "Reduce Those Onerous Taxes!"]

[Text] Among the most repugnant legacies of the Marcos era were the crippling taxes with which he saddled the Filipino people in order to finance his debt excesses and the excessive frivolities of his wife.

To mention just one tax, which has distributed poverty and hardship across the board to most Filipinos, is the specific tax on gasoline.

It is common knowledge that one-half of the retail price of fuel in this country is made up of taxes imposed by Marcos [words indistinct] all sorts of projects including paying interest on his foreign loans so that he could borrow some more. That tax has had a rebound effect of increasing by fifth percent almost all the prices of prime commodities in this country.

If the Aquino government knows what it is talking about, then what Finance Minister Jaime Ongpin said recently should make removing the tax or reducing it relatively simple. Ongpin says that the Marcos regime wasted so much money that by cutting wastage, no new taxes need be added.

It is time, therefore, that President Aquino addressed herself to giving some instant relief to the average Filipino, and she can do this dramatically by cutting the specific taxes on gasoline, which were imposed by the dreaded presidential decree.

There is also the fact of the unreasonably increased real estate tax, which has resulted in millions of home owners going into delinquency due to inability to pay. These taxes were imposed to support the excesses of the Metro-Manila Commission of Ms. Marcos.

Shortly before his unlamented departure, Mr. Marcos also imposed a series of new sales taxes, which gained revenues for the government but put almost everything out of the reach of the average consumer.

And then, there's the flood control tax, science tax, the energy tax, even a movie tax--all designed to bilk the citizen without improving public services to him even an iota.

Unless President Aquino acts quickly, her financial advisers may become enamored of the tremendous revenues these taxes raise and they may decide to keep the taxes--perpetuating yet another anomaly of the Marcos regime.

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CSO: 4200/821

PHILIPPINES

PAPER REVEALS NEED TO RAISE AVERAGE INCOMES

HK191315 Hong Kong AFP in English 0607 GMT 19 Mar 86

[Text] Manila, March 19 (AFP)--President Corazon Aquino faces a critical problem in the need to raise average incomes, a leading financial newspaper said here Wednesday, citing a survey which indicated that almost 40 percent of families in the capital do not earn enough.

BUSINESS DAY said one of the most difficult challenges facing the new government was "bridging the gap between what the average Filipino needs and wants and what he could actually afford."

The newspaper pointed to a 1985 National Census and Statistic Office (NCSO) survey which showed that close to 38 percent of 981,200 families polled had "incomes insufficient to meet expenditures."

BUSINESS DAY also cited Citizens' Alliance for Consumer Protection (CACAP) figures as showing that the daily cost of living for a family in 1984 was 105.38 pesos (5.27 dollars), while the legal minimum wage was only 57.08 pesos (2.85 dollars).

The cost of living had increased since then to 111.48 pesos (5.52 dollars), but the minimum wage was unadjusted, it noted.

Statistics showed that the purchasing power of the peso relative to its 1978 value had shrunk to 0.28 peso (.001 dollar) last year, the newspaper said.

The newspaper said the "situation is critical because it leads to a vicious cycle wherein so long as the market remains weak, businessmen cannot resume normal production and thus cannot employ more workers or rehire those that have earlier been laid off."

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CSO: 4200/R21

7 April 1986

PHILIPPINES

ECONOMIC INDICATOR ON MANUFACTURING SHOWS GAIN

HK141609 Manila BUSINESS DAY in English 14 Mar 86 p 8

["Economic Indicator" column: "Manufacturing Value of Production Rises"]

[Text] The value of production in key manufacturing enterprises in December showed a moderate 2.91 percent growth from the year-ago level, according to an index based on a monthly survey conducted by the National Economic and Development authority (NEDA).

The survey covered some 200 manufacturing firms. The index rose to 183.6 points last December, from 178.4 points in December 1984.

The index measures the cost incurred by a manufacturing establishment in producing goods and services for a particular month compared to that in 1981, the base year. Generally, it includes only the cost of direct labor, raw materials, and manufacturing overhead.

The highest rates of increase were in the indices for transport equipment (250.89 percent) and basic metals (180.98 percent).

Index of Value of Production of Key Manufacturing Enterprises, by Industry
December 1984 - December 1985
(1981 equal 100)

	1984 Dec.	1985 Jan.	Feb.	Mar.	Apr.	May
Manufacturing	178.4	169.2	167.0	175.5	179.3	182.5
a. Food	190.8	197.9	194.8	184.4	200.1	185.9
b. Beverage	281.8	266.7	229.0	251.1	261.9	265.5
c. Tobacco	227.6	259.4	233.0	267.8	229.4	259.0
d. Textile	108.7	128.0	135.2	148.2	83.4	110.2
e. Wearing apparel	197.6	139.6	97.5	103.4	108.9	116.2
f. Wood & wood products	98.9	94.7	111.9	107.0	114.4	109.1
g. Paper & paper products	209.6	126.3	161.8	140.5	183.9	128.5
h. Chemicals & chemi- cal products	178.0	200.7	179.0	180.8	186.2	175.0

	1984 Dec.	1985 Jan.	Feb.	Mar.	Apr.	May	
i. Rubber products	163.6	159.0	177.0	160.0	137.6	160.7	
j. Petroleum products	192.3	122.6	126.0	139.5	168.7	181.7	
k. Non-metallic mineral products	135.2	113.8	107.8	136.1	101.4	111.7	
l. Basic metals	119.9	142.9	195.4	240.7	252.8	284.4	
m. Transport equipment	11.2	25.8	26.6	41.7	34.2	35.9	
n. Electrical machinery	122.5	143.4	164.5	171.7	133.2	164.6	
o. Miscellaneous	250.0	634.3	532.1	545.7	531.0	498.7	
	June	July	Aug.	Sep.	Oct.	Nov.	Dec
Manufacturing	166.6	165.6	172.5	163.1	183.7	178.1	183.6
a. Food	185.6	182.2	189.8	176.3	194.1	180.0	180.2
b. Beverage	245.0	220.9	225.0	225.0	221.8	246.7	248.6
c. Tobacco	238.4	271.2	280.0	263.3	282.2	270.5	257.6
d. Textile	119.6	145.8	140.2	150.0	153.8	145.0	117.9
e. Wearing apparel	110.8	140.7	143.9	143.5	135.3	114.2	113.5
f. Wood & wood products	107.6	94.3	92.1	76.2	82.2	84.7	73.9
g. Paper & paper products	122.0	119.9	121.0	146.9	134.3	155.3	137.2
h. Chemicals & chemical products	198.2	176.5	171.7	205.7	198.5	198.2	192.6
i. Rubber products	142.7	175.0	177.6	175.8	194.4	169.3	203.8
j. Petroleum products	129.8	123.4	130.8	89.0	173.4	162.2	174.7
k. Non-metallic mineral products	111.3	131.6	134.3	126.2	100.7	115.7	128.2
l. Basic metals	200.2	212.1	267.6	261.0	255.9	244.9	336.9
m. Transport equipment	35.6	40.5	44.2	33.0	35.3	36.3	39.3
n. Electrical machinery	141.5	156.6	158.5	153.8	164.2	137.9	146.7
o. Miscellaneous	515.0	534.2	465.3	438.4	306.7	403.3	200.3

Source of basic data: Monthly survey of Key Manufacturing Enterprises
Statistical Coordination Office, NEDA

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CSO: 4200/821

7 April 1986

PHILIPPINES

NATIONAL STEEL CORPORATION PRODUCTION INCREASES

HK200432 Manila MANILA BULLETIN in English 16 Mar 86 p 21

[Article by Tony Pe. Rimando]

[Text] Iligan City--The government-owned National Steel Corporation (NSC) billet steelmaking plant, considered the largest and most modern in the country, registered a total production of 140,238 metric tons (MT) of billet products in 1985, it was learned here recently.

The NSC reported that December recorded the biggest production of billet products with 17,000 MT followed by August and September which produced each 16,894 MT.

Benito M. Mauricio Jr., NSC vice president for long products, said the plant initially produced 3,033 MT in January. This increased to 8,383 MT in February, and then went down to 7,394 MT in March.

The production picked up again in April with 9,768 MT which rose to 12,638 MT in May; 11,210 MT in June; 12,606 MT in July; 15,248 MT in October and 10,000 MT in November.

Commissioned on Dec. 19, 1984, the 300,000 MT-capacity billet steelmaking plant has continuously reduced billet imports which accounted for 78 percent of Philippine billet requirements in 1983 thus helping the government save precious foreign exchange.

For the past five years, the average yearly billet importations of the country amounted to US\$55 million.

The NSC said that before the plant's operation, the corporation's yearly production share in total billet demands averaged nine percent.

With the plant's operation, the NSC's total production share increased to as much as 46 percent, according to the NSC, adding that the corporation's share based on total domestic production also rose to 58 percent in contrast to the NSC average of 24 percent before the plant's operation.

Mauricio reported that the first year of operations of the billet steelmaking plant has been cost-competitive due to:

- the availability of cheap electrical energy from hydroelectricity in Iligan City.

- shipbreaking operations in Iligan which assures a constant supply of highly dense scrap metal at a competitive price.

- proximity of ferro-alloy, burnt lime and refractory manufacturing plant which is an advantage in terms of savings in handling, delivery and reduced inventories.

- potentially efficient and well-maintained manufacturing facilities capable of producing a wide range of high quality carbon and low alloy steel grades.

- high yields due to large heat tonnage and continuous casting practice.

- high productivity per employee.

Mauricio said the NSC will continue to face the challenge of improving its productivity and product quality adding that the corporation's plan is to keep on promoting plant-wide efficiency, quality and cost-consciousness.

The plant, Mauricio said, is looking forward for further product diversification and the feasibility of producing grades for fine wire application, high carbon steel and other special grades.

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CSO: 4200/821

PHILIPPINES

ECONOMIC INDICATOR ON METALLIC MINERAL EXPORTS

HK181615 Manila BUSINESS DAY in English 18 Mar 86 p 2

["Economic Indicator" column: "Exports of Metallics Improve"]

[Text] Earnings from the export of metallic minerals totaled \$521.786 million as of end-1985, an improvement of 18.23 percent from the previous year's \$441.316 million, according to advance estimates of the Bureau of Mines and Geo-Sciences (BMG).

The increase in the total value of metallic mineral exports was largely attributed to the impressive growth registered by nickel exports both in terms of volume and value. Exports of nickel, which more than made up for the weak performance of some of the metallics, increased 1,393.12 percent in volume (from 1,119 metric tons to 16,708 metric tons) and 2,173.61 percent in value (from \$2.869 million to \$65.230 million).

Exports of cobalt, likewise, posted hefty increases in both volume and value. Last year, 870 metric tons of cobalt worth \$22.608 million were exported as against the previous year's 94 metric tons valued at only \$1.837 million, representing increases of 825.53 percent in volume and 1,130.70 percent in value.

Other products which registered increases both in volume and value were the following: copper cathodes (37.36 percent in volume and 31.74 percent in value), metallurgical chromite ore (326.63 percent and 407.10 percent) and nickel-beneficiated ore (44.77 percent and 49.40 percent).

On the other hand, exports of gold, silver, copper concentrates, metallurgical chromite concentrates and zinc concentrates experienced declines in volume and value ranging from a high of 57.97 percent to a low of 13.02 percent.

[Table on following page]

Metallic Mineral Exports
CY 1984 and 1985
(value in million US dollars)

Product	Unit	1985*		1984	
	Used	Volume	Value	Volume	Value
Gold**	kg	7,752	81.255	9,138	106.558
Silver	kg	19,482	4.133	24,478	6.628
Nickel (Metal)***	mt	16,708	65.230	1,119	2.869
Copper concentrate	dmt	376,674	124.618	462,549	151.776
Copper cathodes (metal)	mt	136,495	184.406	99,371	139.978
Cobalt (metal)	mt	870	22.608	94	1.837
Chromite					
Metallurgical chromite concentrate	dmt	16,521	1.105	35,888	2.629
Chemical chromite ore	dmt	11,718	0.762	--	--
Refractory chromite ore	dmt	182,248	18.116	182,627	15.739
Nickel (beneficiated ore)	dmt	677,300	17.756	467,852	11.885
Zinc concentrate	dmt	4,730	0.869	5,438	1.234
Total				521.786	441.316

*Advance estimates

**Excluding gold deliveries to the Central Bank which form part of the country's foreign reserves

***Nonoc Mining and Industrial Corp. only

Source: Bureau of Mines and Geo-Sciences

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CSO: 4200/821

JPRS-SEA-86-059
7 April 1986

GOLD PANNING SITES CLOSELY MONITORED TO CUT SMUGGLING

HK171533 Manila PHILIPPINES DAILY EXPRESS in English 15 Mar 86 pp 1, 2

[Text] All gold panning sites in the country will now be closely monitored by an inter-agency task force to ensure that no further gold smuggling occurs, Natural Resources Minister Ernesto Maceda said yesterday.

The task force will be composed of the Bureau of Mines and Geo-Sciences, Central Bank, Customs Bureau and PC [Philippine Constabulary].

Maceda also said he will replace the top officials of other task forces created by his predecessor, which have been ineffective in stopping gold smuggling.

He cited the Task Force Oro, based in Davao del Norte, which was created late last year by Minister Rodolfo del Rosario, to attend to the needs of some 30,000 panners. While the intention of creating this task force was noble its performance in regulating gold smuggling is "a bit short of expectations," he said.

Maceda also corrected earlier reports furnished by his press relations office on the amount of gold smuggled out yearly to Sabah. The total volume reaches 20 tons worth P4.42 billion and not P220 million.

"Gold now sells at \$11.032 million or P220.64 million per ton, which at 20 tons would amount to \$220.64 million or P4.412 billion," Maceda said.

The figures are at current gold market prices, the "realistic price," Maceda said, since gold at one time reached as high as \$800 per ounce.

Maceda said he will meet soon the inter-agency task force to map out strategies to curb gold smuggling and other illegal practices resorted to by the panners in connivance with unlicensed buyers.

Some 200,000 gold panners will now be closely watched to ensure that their operations are covered by small scale mining permits, those without permits will not be allowed to operate.

Maceda said that aside from the 20 tons of gold smuggled to Sabah and sold to blackmarketeers, 2.5 more tons of the precious metal is given by the panners to the New People's Army and an equal amount to the military for "protection."

Both volumes mean losses to the government of some \$55.16 million or P1.103 billion yearly.

PHILIPPINES

RESOURCES MINISTER URGES BAN ON LOG EXPORTS

Cites Need To Protect Resources

HK190705 Manila PHILIPPINES DAILY EXPRESS in English 18 Mar 86 pp 1, 3

[Text] Natural Resources Minister Ernesto Maceda said last night that he has recommended to President Aquino the imposition of a total log export ban effective Aug. 21.

Maceda said this would ensure preservation of the country's dwindling natural resources and assure foreign exchange receipts from log exports until Aug. 21.

Maceda also announced that cancelled timber licenses will be subjected to public bidding to enable existing and potential wood processing to go into massive reforestation and production.

Maceda said the commercial forest resources of the country "cannot last for more than five years," which he cited as the reason for seeking a long export ban.

He also announced the launching of people's forest projects in every town and city to provide employment to the increasing number of poor people in the uplands where concessions are normally located.

Maceda also warned logging concessionaries to start replating their logged-over areas in the next two months and pay their fees for processing permits, on pain of cancellation of their licenses.

He also extended the tenure of timber license agreements and processing permits to 25 years to enable loggers to recover their investments as well as expand their operations.

Maceda said he will prosecute all timber licensees who continue to defy existing forestry regulations and reforestation and forest conservation and management.

He also announced the creation of a task force that will concentrate on reducing if not eliminating log smuggling. He said he noted that 15 of the country's 31 watersheds are already in critical condition.

Loggers Oppose Ban

HK201559 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 19 Mar 86 p 9

[Article by Rose de la Cruz]

[Text] Loggers yesterday sought the immediate release of the 1985 log export quota to help them generate foreign exchange income between now and August 21 this year, the proposed date for the effectivity of a log export ban.

They have also aired opposition to the export ban, which Natural Resources Minister Ernesto Maceda said he had recommended to President Aquino for approval.

Maceda said the ban was needed to prevent the further deterioration of the country's forests.

According to members of the Philippine Wood Products Association (PWPA), only 25 percent of the 1985 log export quota had been used.

Requests for the export of the balance are still pending approval by Maceda.

The industry sources reported that Maceda had ordered two weeks ago a freeze on log shipments.

Last year's export quota was fixed at 1.125 million cubic meters, of which only 281,250 cu.m. actually exported.

The bulk of the used quota was awarded to loggers who were close to former President Marcos, the sources added.

The 1985 export quota was supposed to be allocated among loggers with processing facilities. The allotment of quotas was based on one cu.m. of logs for every cu.m. they processed.

Another factor used to trigger the release of the log export quotas was the movement of world market prices to the benchmark level of \$120 per cu.m.

Log prices in the world market have reached \$120 per cu.m., which the industry said ensures them a fair margin. Log prices two months ago reached \$140 per cu.m.

The industry also claimed that the banning of log exports will result in the closure of several existing logging companies, which have for the past several years depended on export earnings for their operations.

Only three companies have asked for a ban on log exports. These are: Alcantara, Nasipit and Marmiento.

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CSO: 4200/821

7 April 1986

PHILIPPINES

FLOUR IMPORTERS GIVEN GO AHEAD

HK141555 Manila BUSINESS DAY in English 14 Mar 86 p 2

[Article by Julie C. Del Castillo]

[Text] The government allowed bakers to continue importing flour despite the flour industry's underutilized capacity problem because the Philippines had earlier committed to take a 100,000-metric ton subsidized offer from the U.S.

Sources in the government told BUSINESS DAY yesterday that while the National Food Authority (NFA) Monday gave both flour millers and bakers the go-signal to import "what they want" in the spirit of free enterprise, the NFA would have otherwise been "lukewarm" to the bakers' flour imports because of the government's plan to rationalize the industry.

The sources said that with the sudden change in the government, U.S. officials immediately made representations with the new NFA administration to hold the Philippines to its commitment to fully buy up the subsidized flour offer.

They said the whole lot of 100,000 metric tons for the Philippines has already been milled and unless disposed of soon, both the U.S. Government and private American suppliers would be faced with huge losses.

The U.S. Department of Agriculture (USDA) made the offer last year under its export enhancement or "export bonus" program. Early in January, the USDA also made an offer of some 150,000 metric tons of wheat for the Philippines under the program.

The local bakers' federation, through the Philippine Bakers, Inc. (Philbake), has thus far imported about 25,000 tons of the U.S. subsidized offer, the sources said.

Philbake is the federation's marketing arm formed in August last year with a P20-million funding support from businessman and Marcos crony Eduardo M. Cojuangco Jr.

In an undated and unnumbered order announced last August, deposed President Ferdinand E. Marcos prohibited flour millers from importing wheat and authorized Philbake to be the country's sole importer of both processed flour and wheat.

Marcos, however, later withdrew the order due to domestic and international criticism against the policy and allowed flour millers to continue importing wheat. (The policy basically contravened existing Central Bank rules and regulations on imports and violated conditions set by the World Bank and International Monetary Fund for further fund releases to the Philippines.)

Newly-installed NFA administrator Emil Ong Monday said the NFA will henceforth no longer require wheat and flour importers to secure [several words indistinct] their imports.

At the same time, however, the NFA said it is undertaking studies to rationalize the flour milling sector to determine if there is actually a need for the country to continue importing bakers' flour.

A rationalization of the industry is being called by the government largely because the eight local mills in the past years during NFA control averaged a capacity utilization of only 65 percent.

The chronic capacity underutilization problem of the mills was further aggravated by the entry of Philbake's flour imports starting late last year, with the industry's overall average utilization dropping to at most 28 percent.

Flour was being imported even in the years before Philbake's operation, but the imports were minimal so as not to pose a grave threat to the industry and were limited to flour types which the mills do not produce in large commercial quantities.

Among these imports were semolina flour, which is used by industrial firms such as manufacturers of spaghetti and macaroni; glue extenders, which are mostly spoiled wheat flour used by plywood manufacturers as ingredients for plywood binders; and others.

From January to October 1985, for instance, available data show that total importations of semolina flour (mostly from Singapore, Hong Kong and the U.S.) amounted to about 4.57 million kilograms valued at about \$19,929, excluding freight and insurance charges.

During the same period, the Philippines also imported from Japan wheat flour as glue extenders totaling 1.36 million kilograms valued at \$246,550 FOB.

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CSO: 4200/821

7 April 1986

PHILIPPINES

INVESTIGATORS GOING OVER OIL COMPANY'S RECORDS

HK141603 Manila MANILA BULLETIN in English 14 Mar 86 p 15

[Text] Investigators from the Presidential Commission on Good Government are going over documents at the state-owned Philippine National Oil Co (PNOC) following reports that it may have been a source of illegal wealth for former President Marcos and close associates.

PNOC, which is the country's largest business concern with revenues in excess of P20 billion, was headed for many years by former Energy Minister Geronimo Velasco until he fled to Singapore two weeks ago.

Velasco's hasty departure on board the company jet which he later returned, surprised officials and employees at PNOC who had thought he was running the company in a professional manner.

Salonga's graftbusters are believed to have stumbled on documents linking Marcos' finance to PNOC operations. The documents were retrieved from Malacanang Palace which Marcos and his family abandoned on the night of Feb. 25.

Many of the documents were said to show that commissions on freight rates paid by PNOC were inflated by shipping agents.

It was not clear however, if the freight charges applied to crude oil shipments or other cargoes.

PNOC maintains its own tanker fleet and there may have been no constant need to hire other vessels to load the crude shipments.

However, PNOC is also involved in other energy-related operations such as geothermal development, oil and coal exploration, petroleum refining and marketing.

PNOC is among scores of government enterprises that were exempted by Marcos from routine auditing procedures by the Commission on Audit.

Its external auditor is the accounting firm of Sycip Gorres and Velayo and Co. (SGV).

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CSO: 4200/821

7 April 1986

PHILIPPINES

MINISTER SAYS PNA NOT TO BE ABOLISHED

BK160829 Manila PNA in English 0812 GMT 15 Mar 86

[Text] Manila, March 15 (PNA)--Information Minister Teodoro Locsin, Jr. has said that the state-run PHILIPPINES NEWS AGENCY (PNA) will be retained.

Locsin's statement, made during a news conference, was to squelch erroneous reports that the 13-year-old PNA is one of those units under the defunct Office of Media Affairs (OMA) to be abolished.

In retaining the PNA, the minister said a scheme is to be worked out until such time it will be handed over to the private sector.

The published reports were apparently spurred by Minister Locsin's order terminating the services of some 2,000 PNA casuals and contractuels effective March 16.

The PNA was established on March 1, 1973 and since then has grown into a major information dissemination arm of the government.

It has 19 bureaus set up in the key areas of the country manned by experienced journalists and correspondents.

All the country's major dailies, along with radio and television networks, subscribe to the PNA service.

Other subscribers include the United States and the Indian embassies.

The PNA, headed by veteran journalist Jose L. Pavia, general manager, is a member of the Organization of Asia-Pacific News Agencies (OANA).

OANA member agencies have been swapping news and features since 1981 when the Asia-Pacific News Network was launched with the help of UNESCO.

UNESCO has been a major source of technical and financial assistance to the growth of news agencies in Asia and the Pacific as part of its program to create a new world information order.

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CSO: 4200/R21

PHILIPPINES

COLUMNIST RAPS INFORMATION MINISTER FOR INEFFICIENCY

HK180948 Quezon City ANG PAHAYAGANG MALAYA in English 12 Mar 86 p 4

[Now and Then" column by Jose J. Burgos Sr: "Bungling the Job"]

[Text] If President Aquino cannot fire Information Minister Tondoro Locsin, Jr. for sheer inefficiency, she should at least give him another assignment--one which does not involve dealing with media.

If there is any office in her new-fangled administration which has fouled things up, incurring the ill-feelings of media, both local and foreign, it is this ministry. It appears now that this office is not only full of arrogant, supercilious employees; it does not know the job; and it is ignorant of the correct procedure in handling newspapermen, news photographers and television people. All its personnel should be made to read Dale Carnegie's book, "How To Win Friends and Influence People."

In a story written by MALAYA ace reporter Larry Sipin some days ago, one lady employee even had the effrontery to tell him: "So you are from MALAYA? Don't expect to receive any special treatment."

Of course, MALAYA is not asking for any special treatment. It has never asked for any; it will not ask for any; and it will refuse to accept any if offered.

Minister Locsin, Jr. apparently cannot tell his employees to behave or else he does not know what his personnel are doing. In either case, he should quit.

INQUIRER Editor-in-Chief Luis D. Beltran wrote some days ago about the difficulty of contacting Locsin, Jr. The minister then explained why he could not be contacted for a number of days. He said, according to the editor of the biggest newspaper next to MALAYA, that he had been following up missing vehicles and other equipment belonging to the now defunct Office of Media Affairs.

If this is the information minister's idea of his job--looking for missing equipment--then I propose he should be named head of the "missing bureau" of the Metropolitan Police Force.

As I pointed out in this column the other day, there is no logical and valid reason why the Aquino government should have one presidential spokesman and

another minister of information. The two positions carry similar and intermingling functions. While the spokesman, Rene Saguisag, is doing a creditable job, Teodoro Locsin, Jr. has been bungling what it is supposed to do.

And yet Locsin, Jr. is a trained journalist. He was with the old PHILIPPINES FREE PRESS published and edited by his father, a respected and fearless writer whose anti-Marcos writings caused Marcos to arrest him during the early martial law period. Locsin, Sr. was with me in the editorial staff of the old FOTO NEWS, along with the late Mayor Arsenio Lacson, all of us as associate editors, when Ernie Rodriguez, College Editors Guild Alumni Association's perpetual president, was editor.

But seriously now, the housewife-turned-President should do something about the matter. Her information office has a vital mission to perform in the success or failure of her administration. It is media which serve as the bridge between her government and the people. Unless the government's decisions and activities are properly relayed to the people, not only in our country but also throughout the world, the reading public will not know what's truly happening or will only get a distorted picture of what's going on.

That will be the day when Cory Aquino will begin to lose her credibility.

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CSO: 4200/821

PHILIPPINES

GOVERNMENT TO SELL SEQUESTERED MEDIA ENTITIES

Arroyo Issues Statement

HK190833 Manila BUSINESS DAY in English 17 Mar 86 p 14

[Text] The government intends to sell sequestered media entities and does not intend to monopolize or control the industry, according to Executive Secretary Joker Arroyo.

Arroyo issued this statement to disclaim reports that the government intends to hold on to broadcast and print media outfits reportedly owned by close associates and relatives of deposed President Marcos.

He said the government is undertaking a process that would ultimately put these media entities up for sale.

"First is to determine if their owners have acquired these stations and publications with ill-gotten wealth. Second, form a board to oversee the operation in each of the sequestered properties including their maintenance. And third, their sale to broader base of owners in compliance with President Aquino's policy of diffusion of ownership," Arroyo said.

Arroyo also said that there should also be a board governing each of Channels 2, 9 and 13 in Broadcast City and not one board overseeing the operation of the sequestered television stations.

He revealed that other crony-owned media outfits would be sequestered. Among these are the Benedicto owned DAILY EXPRESS and the TIMES JOURNAL chain of publications reportedly owned by Benjamin Romualdez, the former First Lady's brother.

He also pointed out that no "dummy" owners may act as "front" for these stations' former owners.

He said that the sequestered properties cannot be put up for sale since the government is still determining the real owners.

He said Information Minister Teodoro Lozano Jr.'s goal is essentially "to liquidate and not to control the media entities."

When asked if the government is considering the sale of the stations to its employees, he said that the decision is up to the information minister.

Arroyo also begged for time for duly-appointed government officials to publicly disclose their income tax and other assets prior to their assumption to public office.

He said these government officials are all concerned about buckling down to work rather than being engaged in the tedious process of consulting with their accountants.

Arroyo also clarified that presidential appointees must be announced by presidential spokesman Rene Saguisag.

He made this clarification in the wake of reports that there is confusion at the Cultural Center of the Philippines over the replacement of its president Lucrecia Kasilag.

Editorial Discusses Implications

HK190922 Manila PHILIPPINES DAILY EXPRESS in English 17 Mar 86 p 4

[Editorial: "Sequestration's Implications"]

[Text] Sequestration easily suggests the exercise of police power by the state.

Because the government believes that the continued existence of an organization cannot but run counter to the good of the majority, the state takes over. And in these revolutionary times, sequestration cannot be blocked or deterred. The welfare of the people is the supreme law, and in the eyes of the state, sequestration is but a tool to better protect and promote the good of the people, or at least the majority of the people.

Sequestration, however, can be a double-edged sword.

In the case of media, it can be a sharp tool indeed which can sever, once and for all, media from vested interests. Media must be freed of the tentacles of power, which have prevented media from fulfilling its reason for being: to present the facts before the people. And facts, to the media, should be, to recall C.P. Snow, sacred, in the same way that opinions are considered free.

If, as it is claimed, "cronyism" has vitiated the media's nobility of purpose, sequestration, in this sense, is a powerful mechanism to protect the people from the failure of media to be truly free.

If, however, sequestration of media is but a guise to transfer ownership, then the basic danger that is ostensibly being subverted is still clear and present. And, in this case, the people are not only being deceived. The freedom that the new reformists swear by is being abridged, and abridgement of press freedom, as has been said time and again, is but another form of suppression.

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CSO: 4200/821

PHILIPPINES

RELEASED CPP HEAD SAYS COMMUNISM 'NOT YET RELEVANT'

HK170805 Manila PHILIPPINE DAILY INQUIRER in English 9 Mar 86 pp 1, 2

[Article by Roy S. de Guzman]

[Text] Popular Leftist leader Jose Ma. Sison praised the growth of the Communist Party of the Philippines (CPP) which he founded in 1968 but said "the time is not yet ripe" for the radical ideology to be accepted by the Filipino people.

"The CPP has grown in strength and the present leadership has had relative success in making the party grow," Sison said in an interview, but added: "Communism--properly defined--is not yet relevant at this time."

Military authorities estimate the number of CPP cadres at 30,000 nationwide, with about 16,000 armed guerrillas beefing up its military arm, the New People's Army (NPA).

The former political science professor said he has "high hopes" that the government and the rebels will come to an agreement to sit down and engage in peace talks.

But he discounted the possibility that the NPAs will lay down their arms before the proposed dialogue.

"The armed struggle (waged by the NPA) is not a simple case of armed rebellion. It has its roots in the peasants' land problem. As long as there is no genuine land reform, the peasants will continue to rise up in arms against the government."

He said that before any truce can be arrived at, a dialogue should take place between representatives of both the communists and Pres. Aquino's government.

The peace talks, however, seems to encounter problems as the CPP-NPA position on the dialogue remains unclear.

Military leaders, headed by Defense Minister Juan Ponce Enrile, has expressed willingness to negotiate with the rebels and guarantee their safety their [as published].

But representatives of the underground National Democratic Front (NDF), interviewed in their mountain hole-out by newsmen, are demanding the resignation of Enrile and Armed Forces Chief of Staff Gen. Fidel V. Ramos before talks start.

Ramos had earlier warned the released political prisoners they would not be accorded the same "treatment" if they return to doing the activities for which they had been arrested and detained.

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CSO: 4200/821

PHILIPPINES

COMMUNIST COMMENTS ON RELEASE OF COMMUNIST LEADERS

HK160800 Manila PHILIPPINE DAILY INQUIRER in English 8 Mar 86 p 4

["By the Way" column by Maximo V. Soliven: "'The Lives, Loot and Luxury of the Dragon Ladies'"]

[Excerpt] President Cory Aquino was right in releasing the two top Communist leaders from prison. A chief executive has to take a decisive gamble from time to time--but she must not be naive. It is a gamble.

Bernabe Buscayno alias "Komander Dante"--along with two other released prisoners, Ruben Alegre and Alex Herondo--was a formidable leader of the New People's Army.

It is "Joma" or Jose Maria Sison, the founder of the Communist Party however, who is most to be watched. He is the brains of the CPP and the Radical Left and can run circles around the present Red leadership, reputedly Rodolfo Salas and Rafael Baylosis. Will there be a power "struggle" within the party and the NPA now? Will Salas and Baylosis resist the return to power of Sison? Or will Sison choose the democratic way of life, and exhort his former followers to lay down their arms and come in from the cold?

I hope so--but again, Cory must not count on it. The release of the four hard cases after the new president granted freedom to 441 other detainees is an act of faith. But already there is some grumbling from the guerrillas that the NPA must "fight on" to complete the revolution for national freedom and democracy." President Aquino has offered them the hand of friendship--they may still strick that hand away.

But the president has done her best and fulfilled all that she promised, in the heat of the campaign, with regard to the detainees of the repressive Marcos regime. She released many of the communist "top brass" against the strenuous objections of our own military and none-too-subtle pressure from the Americans. If the NPA's still refuse to come in from the cold and insist on using violence to win their own "victory," the Filipino people will know what they really want: the naked seizure of power and the overthrow of our republic.

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CSO: 4200/821

PHILIPPINES

MNLF FACTIONS MAY CLOSE RANKS FOR PEACE TALKS

HK150432 Hong Kong AFP in English 0407 GMT 15 Mar 86

[Article by Joel Paredes]

[Text] Manila, March 15 (AFP)--The three factions of the Moro National Liberation Front (MNLF) Moslem rebel movement in the southern Philippines may close ranks for peace talks with the new Philippine Government, a Moslem leader has said here.

Macapanton "Jun" Abbas told AGENCE FRANCE-PRESSE after returning from exile Friday that he expected the MNLF factions to "present our view collectively" in ceasefire negotiations with Philippine President Corason Aquino.

The MNLF originally fought for a separate Moslem state based on the southern island of Mindanao, but two of its factions have lowered their sights to autonomy, while MNLF Chairman Nur Misuari's group insists on full independence.

Mr Abbas, political and foreign affairs chairman of the MNLF's pro-autonomy "reformist group," indicated that his faction was trying to persuade the separatists to heed Mrs Aquino's call for a [words indistinct] was "sincere" in granting Moslem autonomy.

"We never said we wanted to take over the republic. We were protecting the homes of our people," the 43-year-old Moslem rebel leader, who returned from Malaysia after 10 years of self-imposed exile, said in an exclusive interview.

He indicated that one major condition for a truce would be an assurance from Mrs Aquino that she would implement the 1976 Tripoli Agreement, which provides for autonomy for 13 Moslem provinces in the south.

Mr Abbas said his group had called for tripartite talks [with] Mr Misuari and the other MNLF breakaway group, led by former MNLF Deputy Chairman Hashin Salamat, to resolve their "basic differences."

Mr Misuari and Mr Abbas have also been based abroad, shuttling among friendly Islamic countries.

Mr Abbas said his group was trying to persuade Mr Misuari to join the peace talks even if the pro-autonomy factions considered him an "expelled" MNLF chairman.

He said at least 20 of the 35 members of Mr Misuari's Central Committee had joined the reformist group formed by his former vice-chairman, Dimas Pundato, in the early 1980's to campaign for an autonomous government.

Mr Salamat's faction, now calling itself the Moro Islamic Liberation Front (MILF), last year declared a "holy war" to gain autonomy for the Moslem minority in the country and claimed it had shifted to guerrilla warfare.

Mr Abbas said more than 30,000 Moslem "mudjahideen" (freedom fighters) and 150,000 civilians had died in the bloody MNLF campaign on Mindanao after President Ferdinand Marcos imposed nearly nine years of martial law in 1972.

At least 300,000 Filipino Moslems fled to the east Malaysian state of Sabah and the government spends some 500 million dollars per year to fight the Moslem insurgency campaign, he added.

Filipino Moslems account for approximately five million of the 54 million-strong population of this largely Roman Catholic country.

Mr Abbas indicated that the influential Islamic conference, which had recognized the MNLF campaign since 1976, had been urging the leaders of the three factions to unite their forces.

He said Arab countries had assured the MNLF 270 million dollars per year in aid for Moslems if the new government granted them autonomy.

However, Mr Abbas indicated that the fighters would not lay down their arms, saying that to achieve "genuine" autonomy the movement would demand that the MNLF's military wing, the Bangsa Moro Army, be absorbed into an autonomous Moslem government's security forces.

He claimed the MNLF had more than 8,000 regular troops operating on Mindanao, but would not comment on their plans if "open" negotiations with the Aquino government failed.

"We always want to negotiate before we fight," he remarked.

Mr Abbas said he had left Mr Pundato in Kuala Lumpur to meet with leaders of the World Moslem League, but that Mr Pundato planned to return to the country to join the peace talks "once there are already clear ground rules."

Mr Misuari, who was last heard of in Kuwait, has established his headquarters in Tripoli, while sources close to Mr Salamat have confirmed he is in Pakistan with Filipino Moslems undergoing military training there.

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CSO: 4200/821

PHILIPPINES

EXPLOSIVES DISCOVERED NEAR BATAAN TRANSMISSION TOWERS

HK140446 Manila TIMES JOURNAL in English 13 Mar 86 p 2

[Article by Raffy Viray]

[Text] Balanga, Bataan--Marines discovered the other day some 70 sticks of dynamite, six bags of ammonium nitrate and blasting caps near 10 National Power Corp [NPC], transmission towers in the three northern towns of Bataan.

Col Vicente S. Garcia, Task Force Samat commander, said five sticks of dynamite were found at the foot of Tower No 25 in Baranggay Calaylayan, Abugay while the others were found a few meters away from Tower No 43 in Baranggay Malawin in Orani and Towers No 27 to 35 in Baranggay Gugo and Imelda in Samat. The dynamite was covered with thick cogon grass.

Garcia said marine patrol teams were scouring the thickly forested areas of the three towns for pilferers and saboteurs when they discovered the explosives.

He said a group of sympathetic to the antinuclear movement in the province could be behind the sabotage plan.

Last June, about 29 power transmission towers were blasted by subversive groups in protests against the impending operation of the controversial \$2.1-billion nuclear plant in Napot Point, Morong.

Each tower, according to NPC officials, cost the government about P1.2 million to construct.

Meanwhile, seven hooded, heavily-armed men in fatigue uniform believed to be members of the NPA arms-grabbing unit raided the other night the houses of two Orion town policemen.

The raiders, three of them brandish a ArmaLite rifles, ransacked the house of Pfc. Antonio Lopez in Baranggay Villa Angeles and Pat Norberto de Leon in Baranggay Pag-asa, both in Orion town.

The raiders, after searching the house and failing to find the service guns and ullets of Lopez who was on night duty at the police station went to the house of de Leon about 2 kilometers away. De Leon, who was attending a vigil at a neighbor's house at 8:20 p.m., was fetched by the group and at gunpoint took his .38 caliber service revolver.

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CSO: 4200/821

PHILIPPINES

JAPANESE TEAM NEGOTIATES PHOTOGRAPHER'S RELEASE

Former Labor Minister Heads Team

HK150802 Hong Kong AFP in English 0714 GMT 15 Mar 86

[Text] Manila, March 15 (AFP)--A Japanese mission is in the Philippines to negotiate with Moslem guerrillas for the release of an abducted Japanese freelance photographer, spokesmen for the mission said here Saturday.

The mission, led by former Labor Minister Toshio Yamaguchi and including the hostage's father, has had initial contacts with Moro National Liberation Front (MNLF) guerrillas in the southern Philippines, where Shigehiro Ishikawa was kidnapped in January last year, the spokesmen said.

Mr Ishikawa was abducted by an MNLF band while on a photo assignment in the southern province of Sulu, where an American and a German--freed last November--had earlier been kidnapped, allegedly by the same guerrilla group.

The Manila and Tokyo governments have negotiated for the release of the photographer, but the contacts have proved unfruitful.

The three-man mission will also call on President Corazon Aquino sometime during their stay here, the spokesmen added.

MNLF Guerrillas Release Photographer

HK171450 Hong Kong AFP in English 1411 GMT 17 Mar 86

[Text] Zamboanga, Philippines, March 17 (AFP)--A Japanese freelance photographer held hostage by Moslem guerrillas for more than a year has been freed, Moslem leaders who negotiated his release announced here Monday.

Shigeru Ishikawa was released on Malembaya Beach in the extreme southern island province of Sulu Sunday, and will be turned over by the Philippine Government to the Japanese Embassy in Manila later this week, the Moslem leaders added.

Mr Ishikawa was kidnapped by a band of Moro National Liberation Front (MNLF) guerrillas on January 24 last year while on assignment on the southern island of Jolo, some 120 kilometers (72 miles) southwest of here.

Mr Ishikawa told local reporters he could not believe he had been released.

He appeared in good health after a year and two months in captivity, which he said had been spent in Mount Tunatagis, about eight kilometers (five miles) from the island's capital.

He said life with the kidnapers, who are fighting for the secession of Mindanao and nearby southern islands, had been "not too bad" and that he had been treated well, "although we had to join the rebel group in clearing the farm." Mr Ishikawa said his diet had consisted of small quantities of fish.

He said the MNLF fighters had a "noble purpose and they have a strong spirit and determination for attaining independence."

The hostage's release was obtained with the help of the Sultan of Sulu, Mohammad Jamalul Kiram, his brother Rajah Muda Ismael, and Yamaguchi Hiro, a friend of Mr Ishikawa. No ransom was paid, the Sultan said.

He added that Mr Ishikawa was due to enplane for Manila, 800 kilometers (490 miles) north of here, Tuesday and would be handed over to Armed Forces chief General Fidel Ramos, who would turn him over to the Japanese Embassy.

Mr Ishikawa's father, Toshio Ishikawa, and former Japanese Labor Minister Toshio Yamaguchi were in the country at the time of the release, but it was not known if they played any part in the negotiations. Their spokesmen said they had had initial contact with the rebels.

Further on Release

OW180035 Tokyo KYODO in English 0027 GMT 18 Mar 86

[Text] Manila, March 18 KYODO--Moslem rebels of the Moro National Liberation Front (MNLF) have released a Japanese freelance photographer after nearly 14 months of captivity on Jolo island in the southern Philippines.

Shigehiro Ishikawa, 34, was resting in a Zamboanga hotel after his release, a source within a Japanese civic rescue group said Tuesday.

Ishikawa, who was questioned by military officials in Zamboanga, said in a phone call to Manila that he was in good health, the source said.

The Japanese rescue group was led by Tabei Sasagawa, son of Ryoichi Sasagawa, president of the Japan Shipbuilding Industry Foundation.

According to Sasagawa, Jr., the photographer was released not for a ransom but on condition that the Sasagawa Memorial Cooperation Fund present 30 million yen worth of medicine to the people of Sulu archipelago in the southern Philippines.

Ishikawa, from Hyuga City, Miyazaki Prefecture, entered Jolo island with Filipino guides in January last year, but was kidnapped by members of the MNLF, which is fighting for Moslem rule in Mindanao and other southern islands. The guides were confirmed later as killed.

PHILIPPINES

LORENZO TANADA'S SON, OTHER 'URBAN GUERRILLAS' REAPPEAR

HK150306 Manila PHILIPPINE DAILY INQUIRER in English 13 Mar 86 p 3

[Article by Roy S. de Guzman]

[Text] A son of former Senator Lorenzo Tanada, who had gone into hiding after being linked to a series of bombings in Manila in 1980, has resurfaced along with other members of the outlawed April 6 Liberation Movement (A6LM).

"I am happy to be back," said international lawyer Renato Tanada, who went underground six years ago. "With Marcos' ouster, our work as urban guerrillas also ended."

Tanada was joined by a number of oppositionists, objects of manhunts during Marcos' authoritarian era, in returning to the fold of the law.

All were members of the April 6 Liberation Movement, which officially disbanded with Marcos' downfall.

The April 6 is an urban guerrilla group that has claimed responsibility for the rash of fires and bombing incidents in the metropolitan area from August to October, 1980.

Rafael Baskinas, a spokesman for the group, said their movement's decision to abandon their armed struggle would not have been possible except for the success of the four-day "People's Snap Revolution."

He said April 6 would have spearheaded the "Aklasambayanan" or "people's insurrection" that was preempted by the events of Feb. 22-23.

Baskinas, 37, who is also the chairman of the Kapulungan ng mga Sandigan ng Philipinas (KASAPI) [Congress of Defenders of the Philippines] some of whose members founded the urban guerrillas group, said indications point to the sincerity of the Aquino government in undertaking change.

The heavily-bearded rebel leader described the A6LM as "a mixture of a number of oppositionists who abandoned electoral struggle not to go to the hills but engage in armed resistance in the country's urban centers."

Other members of the group who reemerged with young Tanada were Gerry Esquerro, and Charlie Avila.

Doris Suval-Baffrey, one of their female members, also flew home from Amsterdam last March 10, while Victor Burns Lovely Jr., a Filipino-born American who was arrested during the series of bombings, is expected to arrive from the United States on Saturday, March 15.

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CSO: 4200/821

PHILIPPINES

MILAN WEEKLY INTERVIEWS PHILIPPINES' LOCSIN

PM131612 Mila EUROPEO in Italian 15 Mar 86 pp 134-5

[Interview with Philippines Information Minister Teodoro Locsin by Pin D'Emilia in Malacanang; date not given]

[Excerpt] [D'Emilia] Although the Marcos regime's crisis has been resolved for the better, doubts remain.... Enrile, for instance....

[Locsin] I was the first to be surprised about how things went. Following Marcos' self-proclamation some of us wanted to join the guerrillas, some wanted to abandon the struggle, and some said that our victory would be a long time coming. As for Enrile, we knew that back at the time of Ninoy Aquino's assassination he was one of the leaders of the reformist movement within the army. When he occupied Camp Aguinaldo Cory was 400 km away and knew nothing about it. I witnessed their first telephone conversation.

[D'Emilia] Clearly things turned out as they did thanks to his and Ramos' revolt. They must have obtained something in exchange....

[Locsin] There was no deal, there were no conditions. It was Cory who made the decision, in a spirit of reconciliation, once she had been inaugurated.

[D'Emilia] Is the slowness with which political prisoners are being released not a sign of a split within the government?

[Locsin] Let us not start reading between the lines: Cory has said that all political prisoners will be released and Enrile has pledged to do so. It is just a matter of time--but I am talking about days, not years.

[D'Emilia] What priorities have you set yourselves--the economic crisis, the antiguerrilla struggle, or social reforms?

[Locsin] All three, because they are closely interconnected: For instance, the economic crisis and the guerrilla phenomenon are two aspects of the same problem. Following Cory's victory and the amnesty we believe that most of the guerrillas will come out of hiding. But unless they find jobs and unless social and economic injustices are resolved they will return to the mountains. Now there is a kind of truce: We must take advantage of it immediately.

[D'Emilia] Some say that now that Marcos has gone the Philippines will return to the hands of a few families.

[Locsin] It is true that Marcos destroyed the landowning oligarchy but only in order to replace an enlightened bourgeoisie with his clique of ignorant and arrogant mobsters. We cannot work miracles but we will impact a new boost to the economy by supporting private enterprise and dismantling the monopolies that allowed the regime's few friends to accumulate wealth consisting of public money.

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CSO: 4200/821

PHILIPPINES

FORMER MANILA AIRPORT MANAGER GAVE P55 MILLION TO MARCOS AIDE

HK171543 Manila PHILIPPINES DAILY EXPRESS in English 15 Mar 86 pp 1, 2

[Article by Miguel Genovea]

[Text] Former Manila International Airport Authority [MIAA] Manager Luis Tabuena withdrew last January P55 million to MIAA funds, Commission on Audit [COA] Chairman Teofisto Guingona disclosed yesterday.

In a press conference, Guingona said that Tabuena will be asked to account for the withdrawals. He showed xerox copies of the checks which, he said, were withdrawn not in accordance with accounting rules.

The amount, drawn in three separate manager's checks from the Philippine National Bank [PNB] (MIAA branch), is supposed to be in payment of construction claims by the Philippine National Construction Corporation [PNCC]. Investigation showed however that the money was not paid to PNCC, Guingona said.

He said he turned over the whole amount to Fe Jimenez, the private secretary of President Marcos.

It was believed that the money was spent during the Feb. 7 special elections.

The anomaly, Guingona said, was unearthed after a COA audit team went through the MIAA books. The matter will be referred to the Commission on Good Government and the Office of the Solicitor General.

According to Guingona, the three checks (P25 million on Jan. 16, 1986; P25 million on Jan. 18, 1986; and P5 million on Jan. 30) were made out to Tabuena and not to the PNCC, which was the supposed claimant.

He said that this is irregular considering that there were no corresponding vouchers or authority, except for a memo.

In a memo dated Jan. 10, 1986 to Gerardo Dabao, MIAA assistant general manager for finance and administration, Tabuena said that his office has been requested by the PNCC to make partial payment of P25 million in cash.

"In this connection, please arrange for a manager's check payable to me for the above-mentioned amount and I will personally take care of the mechanics of the payment to the PNCC," the memo continued.

Six days later, Tabuena and Dabao communicated with the PNB for the issuance of the first check, which was issued on the same day but was encashed on Jan. 18, 1986.

Yesterday, CAO auditor Cecilia Caga-anan, wrote the PNCC to inquire whether the said amounts were received by the office.

Nilo Ezequiel, PNCC treasurer, informed the COA that they have not received the supposed payments and the last payment made to the PNCC was in November, 1985 in the amount of P2 million for accomplishing billing for which an official receipt No 103496 dated Nov. 21, 1985 was issued by the firm.

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CSO: 4200/821

PHILIPPINES

CONSTABULARY HEAD REASSIGNS 12 FIELD COMMANDERS

HK171123 Quezon City ANG PAHAYAGANG MALAYA in English 8 Mar 86 p 6

[Text] Acting PC [Philippine Constabulary] chief Brig. Gen. Renato de Villa yesterday announced the reassignment of 12 PC-INP [Integrated National Police] field commanders in various provinces.

Also yesterday, PC Metropolitan Command [Metrocom] chief Brig. Gen. Ramon Montano denied reports he ordered the retraining of former Metrocom Intelligence and Security Group [MISG] commander Col. Rolando Abadilla, Lt. Col. Roberto Ortega of the Reaction Strike Force, and Abadilla's aides Lt. Cols. Roberto Calinisan and Panfilo Lacson.

He also denied reports of a move to investigate "salvagings" reportedly perpetrated by the four MISG men.

Montano said "they (the four Metrocom men) were relieved to pave the way for the reorganization of the new MISG under Lt. Col. Rex Piad. The status of the subject officers is that of awaiting reassignment."

De Villa, also the concurrent INP director general, named Col. Romeo Odi as Quezon Province Provincial commander succeeding Col. Antonio Sierra who was transferred to Regional Command 4 headquarters based in Lucena City.

Former Rizal provincial commander Lt. Col. Leandro Mendoza was designated as Bulacan provincial commander vice Lt. Col. Vesar Alvarez who was reassigned to Reacom [Regional Command] 3 headquarters in Camp Olivas, San Fernando, Pampanga.

Lt. Col. Rogelio Dumlao was named commander of Kalunga-Apayao replacing Lt. Col. Gregorio Retuta who was transferred to Reacom 2 headquarters.

Lt. Col. Hercules Cataluna, who was formerly chief of staff of the PC training command at Camp Crame, was named Rizal provincial commander.

Named as La Union provincial commander was Maj. Nicasio Radovan Jr. replacing Lt. Col. Alfredo de Vera.

Maj. Conrado Peregrino Jr. designated Ilocos Sur commander while Maj. Oscar Valenzuela was made Ilocos Norte commander.

Named as commander of Isabela was Col. Diony Ventura replacing Col. Aflonso Mora.

Lt. Col. Constancio Lazatin is now commander of Aurora Province while Maj. Alejandro Gutierrez is commander of Mindoro Oriental.

Lt. Col. Cesar Garcia was named commander of Negros de Norte and Lt. Col. Jose Suria, commander of Lanao del Sur.

At the same time, de Villa announced the designation of Capt. Samuel Pagdilao as new company commander of the 212nd PC company in Tagaytay City. He replaced Capt. Pablo Veridiano who was reassigned to Recon 4 headquarters.

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CSO: 4200/821

PHILIPPINES

ORDOYO ASSUMES COMMAND OF 3D INFANTRY DIVISION

HK141521 Manila MANILA BULLETIN in English 14 Mar 86 p 5

[Article by Hilario Embrado]

[Text] Cebu City--Brig. Gen. Rodrigo M. Ordoyo took over last week the Army's 3d Infantry Division at Camp Lapulapu here as the outfit's new commanding officer, replacing Brig. Gen. Benjamin Divinagracia who is retiring at the end of the month.

Maj. Jose M. Valencia, public relations officer of 3rd, said Ordoyo was former commanding general of the 1st Infantry Brigade, 3rd Infantry Division based at Camp General Siongco in Awang, Dinaig, Maguindanao.

A general of the Philippine Military Academy (PMA) class '56, General Ordoyo had been assistant division commander for operations (ADCO) since August, 1983. He was also deputy commander of the then Central Mindanao Command (Cemcom), now Regional Unified Command No 12 stationed at PC [Philippine Constabulary] hill in Cotabato City.

When the New People's Army intensified its operations in the boundaries of Agusan del Sur and Davao del Norte in the middle of 1981, Ordoyo was designated as Task Force Commander of "Task Force Aguda" based at Trento, Agusan del Sur, Mr. Valencia said.

Not long after, he was credited for the surrender of the NPA followers and sympathizers numbering some 7,950.

Prior to his assumption as deputy Cemcom commander in 1981, Ordoyo was chief of staff of the Southern Mindanao Command (Southcom) based at Camp Calarian, Zamboanga City.

Valencia said General Ordoyo saw action in the fight against the Moro National Liberation Front (MNLF) in Central Mindanao as battalion commander of the 27th Infantry Battalion, 4th Infantry Division, PA [Philippine Army], which operated in Kabacan, North Cotabato from June, 1973 to July, 1974. Then he served as chief of staff of U3 of the then "Sulu Sea Frontier Command," in Bongao, Tawi-tawi from February, 1975 to June, 1976. He also became deputy commander of "Task Force Sulbas" in Jolo, Sulu, from June to December, 1976.

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CSO: 4200/821

PHILIPPINES

MARCOS LOYALISTS REPORTEDLY REFUSE TO DISARM

HK160806 Manila PHILIPPINE DAILY INQUIRER in English 8 Mar 86 p 16

[Excerpts] Satur Ocampo, a political detainee who escaped during the election of the National Press Club (NPC) last year, will go out from hiding either this month or next month.

This was learned from Mayor Frank Ocampo of Sta. Rita, Pampanga, a relative of Satur.

Mayor Ocampo said he was informed by a friend that Satur made known his intention after learning that he was one of the political prisoners ordered released by President Corazon C. Aquino.

According to the mayor, Satur hid in barangay San Nicolas on the boundary of Guagua and Sta. Rita towns for one week after he escaped from his guards in May last year.

Meanwhile, some persons in Central Luzon believed to be loyal to former President Ferdinand Marcos have allegedly refused to surrender high powered firearms in their possession to the New Armed Forces of the Philippines (NAFP).

A report received in Camp Olivas identified two of the Marcos loyalists as Zambales Gov. Vicente Magsaysay and Mario Bihag, a legal counsel of Marcos's son-in-law, Gregg Araneta.

Colonel Mateo ordered the provincial PC [Philippine Constabulary] commanders of Bulacan and Zambales to immediately look into the report.

In a related development three Pampanga mayors were disarmed and soldiers and policemen assigned to them as bodyguards recalled to headquarters.

Lt. Col. Amado Espino, Angeles City Metrodiscom commander, said disarmed were the mayors of Mahalacat, Porac, and Magalang.

Espino said 25 armalite rifles were also recovered from the mayors.

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CSO: 4200/821

PHILIPPINES

'MARCOS GENERALS' ATTEND AGFO MEETING

HK141557 Manila PHILIPPINE DAILY INQUIRER in English 13 Mar 86 p 13

[Article by Louis Logarta]

[Text] "I did my duty as I saw fit."

These words addressed to their peers summed up the posture of eight generals and star officers who stood until the end of the last administration with their commander-in-chief, Ferdinand Marcos, in their first public appearance since the defeat of the Marcos Armed Forces [AFP] by the forces of the people. The occasion was a meeting of the Association of Generals and Flag Officers (AGFO) in Camp Aguinaldo yesterday, which was arranged by its president, retired Brig. Gen. Mariano Ordóñez, to "reunify and solidify the cracks in the ranks of the AGFO created by the February revolution."

Labelled the "Marcos generals," those who attended the AGFO meeting and the commands they used to head were: Rear Adm. Brillante Ochoa, Navy; Brig. Gen. Artemio Tadiar, Marines; Brig. Gen. Roland Patugalan, 2nd Infantry Division of the Army; Brig. Gen. Antonio Palafox, 5th Infantry Division; Brig. Gen. Mariano Miranda, 1st Infantry "Tabak" Division; Brig. Gen. Alexander Felix, RUC [Regional United Command] 2; Brig. Gen. Madrino Muñoz, RUC 10, and Brig. Gen. Jose Ma. Zumel, ex-PMA [Philippine Military Academy] superintendent.

Maj. Gen. Vicente Piccio, former head of the Air Force was not permitted by his successor and "custodian," Brig. Gen. Ramon Farolan, to attend the affairs. It is not within my authority to permit it," sources quoted Farolan as saying. It could not be ascertained why former Army Chief Maj. Gen. Josephus Ramos also was not there.

"I followed orders from the duly constituted authority at that time--President Marcos--because I am a professional soldier, having been trained in such a way," said Gen. Zumel. "I am not ashamed of what I did."

Gen. Patugalan bared his anguish at being made to feel "like a leper among you." "Why is it that I feel unwanted because I did my duty?" The same sentiment was shared more or less by his "loyalist" comrades.

Lt. Gen. (Ret.) Pelagio Cruz outlined the ground rules for the ACFO's reunification as the recognition of President Corason Aquino as the legitimately installed leader of the country; the recognition of civilian authority over the military; the recognition of Gen. Fidel V. Ramos as the AFP chief; Vice Gen. Fabian Ver, and the recognition of Juan Ponce Enrile as the defense minister.

At one point in the meeting tempers almost erupted when other ACFO members insisted in using "reconciliation" when addressing the "errant" generals.

Gen. Tadler snorted "there is really nothing to reconcile. Why should you welcome us back? We never left the ACFO."

For their parts, Ochoco, Palafox, Munoz and Miranda stressed that they acted as "professionals" in carrying out orders given to them and in accordance with the oath they took.

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CSO: 4200/821

PHILIPPINES

LIST OF RECALLED DIPLOMATS ISSUED

HK171529 Manila PHILIPPINES DAILY EXPRESS in English 15 Mar 86 p 2

[Text] Foreign Affairs Minister Salvador H. Laurel named yesterday the 58 MFA [Ministry of Foreign Affairs] officers, including 18 ambassadors and chiefs of missions, who are overstaying in their posts abroad.

The MFA requires its personnel to return home after eight years of overseas assignment, but many of those included in the order got "indefinite extensions" because of connections, MFA sources said yesterday.

Included in the recall order were Velma Bautista, alleged caretaker of the former first lady's properties in New York and who has been staying in the United States for 20 years, and Sydney Consul General Nicasio Valderrama and his wife, Milagros.

The recalled officers and the number of years they stayed abroad are: For the ambassadors and chiefs of mission--Delfin Garcia, 32; Ernesto Pineda, 19; Pablo Araque, 17; Marcelino Ilagan, 15; Felicidad Gonzales, 10; Cesar Pastores, 10.5; Rodolfo Sanchez, 10; Monico Vicent, 9; Armando Fernandez, 8.5; Mario Belizardo, 14.5; Nicasio Valderrama, 13; Romeo Arguelles, 12; Leonides Caday, 12; Romeo Hernandez, 10; Rodolfo Severineo Jr., 10; Rora Tolentino, 9.5; Hermenigildo Garcia, 8; Luis Magbanua, 8.

The counsellors are Rodrigo Argaon, 10; Carlos Martinez, 9; Maxie Aguillon, 8; and Juanito Jaraza, 8.

The foreign service officers are Milagros Valderrama, 11.5; Antonio Romualdez (who joined the World Bank in 1982), 10.5; Yolanda Serrano, 10 (daughter-in-law of former foreign affairs secretary Felixberto Serrano), Celia Aragon, 9.5; Leonides Aboy, 9.5; Fe Puentebella, 8.5; Teresita Mendiola, 8.5; Angel Espiritu, 12; Teresita Canilao, 11; Francisco Oira III, 10; Consolacion Gonzales, 10; Maria Manglo, 9; Alice Mercado, 9; May Masaganda, 8.5; Lourdes Quiologicio, 8.5; Fe Rosales, 8.5; Reynaldo Cardenas, 8; Francisca Soriano, 12.5; and Linda Guzman, 10.

The foreign service staff employees are Luzviminda Borghonia, 12.5; Ibrahim Ismayatin, 11; Angela Santanaria, 10; Nestor Camaya, 8.5, and Milagros Feliciano, 8.

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CSO: 4200/821

PHILIPPINES

BRIEFS

'CRONIES' PLANES SEIZED BY GOVERNMENT--Manila, March 13 (PNA)--The Philippine Government is poised to seize 87 planes being used by cronies of deposed President Ferdinand Marcos, Transportation and Communications Minister Hernando Perez said Thursday. Perez said he was instructed by President Corazon Aquino during a cabinet meeting Wednesday to seize and at the same time take charge of the insurance of these planes. The airplanes include Lear Jets, helicopters, Islanders and smaller aircraft. Perez, however, expressed hope that the cronies would voluntarily return the airplanes to the government. Perez said the ministry plans to lend the planes upon the request and proper billing. It will also charter some planes for the government to earn revenue. He added that the ministry also plans to sell some planes and keep only a few. He pointed out that some of the planes were assigned to Marcos' cronies but the whereabouts of these are not known. He has instructed the Philippine Aerospace Development Corporation (PADC) to help the ministry retrieve the planes. At the same time, he said all government cars not assigned to government officials will be confiscated. [Text] [Manila PNA in English 0120 GMT 13 Mar 86 BK] /4662

ATTACK ON CIVILIANS--Bacolod City--Two civilians, one of them a 12-year-old boy, were killed when armed men mistaking a jeep for a military vehicle, opened fire on it in Hacienda Manuel in Murcia, Negros Occidental, at 8 p.m. yesterday. But one of the ambushers, believed to be members of the New People's Army, broke into tears and apologized upon discovering that the jeep carried civilians and not military men as they had expected. This was the story of Gerito Pojas, 27, of Don Salvador Benedicto town, one of the survivors of the ambush which claimed the lives of 12-year-old Arturo Batad and Jerry Rebatado also of the same town. Pojas was the driver of the Toyota Land Cruiser owned by the Asian Alcohol Corp. He is now confined at the Western Visayas Regional Hospital with his mother-in-law Pacencal Vergara and another survivor, Ely Liboon. All three are being treated for gunshot wounds suffered during the ambush which took place at the highway cutting through sugar cane field in Hacienda Manuel. [Text] [Manila BUSINESS DAY in English 14 Mar 86 p 10 HK] /4662

VERITAS SHOWS FINANCIAL LOSS--Since the newspaper VERITAS started publication three months after the Aquino assassination, it has lost some P1.5 million. This was revealed by Santiago Dunlaan, executive director and treasurer of Veritan Publications and Communications Foundation which owns the paper.

Dunlap said that in November 1981 when VERITAS first came out as a weekly, it was a sole proprietorship registered under his name. It was financed by donations and contributions both solicited and unsolicited from individuals and companies. Almost P1 million was raised that way, he said, adding the names of the donors went into a "secret list" which he has kept. Loans were also obtained to finance VERITAS. Dunlap said that in 1984 more than P1.8 million in loans were still outstanding. In the first four months of publication, when the paper was still under a sole proprietorship, VERITAS lost P300,000 to P400,000, he said. When the ownership came under the foundation, the paper lost P1.1 million. There are seven members of the foundation who are also the members of the board of trustees. [Text] [Manila BUSINESS DAY in English 17 Mar 86 p 12 HK] /6662

DETAINEE 'WANTS' MILITARY SERVICE--Lieutenant Victor Corpus says he does not regret having joined the rebel movement after having raided the Philippine Military Academy (PMA) armory last December 29, 1970. Corpus, who was released from detention by President Corason Aquino two weeks ago along with 500 political detainees, says he would like to return to military service. He said however that he would refuse a field assignment because he would not like to fight against his former NPA comrades. Corpus said he would prefer to be an instructor at the PMA. [Text] [Manila Far East Broadcasting Company in Tagalog 1000 GMT 19 Mar 86 HK] /6662

AFP OFFICERS 'ARMS DEALING'--AFP [Armed Forces of the Philippines] authorities are studying whether to court martial several officers. Constabulary chief Renato de Villa said the officers illegally distributed firearms to Marcos warlords during the last election. [De Villa recording unidentified] [Text] [Manila Far East Broadcasting Company in English 2300 GMT 14 Mar 86 HK] /6662

PHILCOMSAT UNDER GOVERNMENT JURISDICTION--Manila, March 13 (PNA)--The Philippine Communication Satellite (Philcomsat) will be placed under the jurisdiction of the National Telecommunications Commission (NTC), Transportation and Communications Minister Bernardo S. Perez said today. Perez noted that Philcomsat, which is supposed to be controlled by the NTC with respect to the regulated service charge rates, has been following its own rate schedule. Philcomsat, incorporated in 1968 as a government firm, is identified as "semi-government" and is not under the Ministry of Transportation and Communications (MOTC), unlike all other telecommunications firms in the country. Sources at the MOTC said that it was only recently that Philcomsat unofficially conveyed its new rates to the ministry, apparently in an effort to ask the ministry to act as facilitator in presenting its rates to the international record carriers. Talk in the industry is that Philcomsat reduced its rates recently because of the threat of competition posed by submarine cables. The country's four international record carriers are contemplating on shifting to submarine cables, which are regarded as cheaper option. [Text] [Manila PNA in English 0740 GMT 13 Mar 86 HK] /6662

CSO: 4200/821

THAILAND

WISDOM OF STRATEGIC GOODS BAN ENFORCED

Part 1

SC081114 Bangkok ATOM RAY RAPID WISDOM in Thai 14 Feb 86 p 10

[Article by Chen Churik "Statistic Gender: Economic"]

[Text] The third meeting of the public-private sector consultative committee, held in Chon Kaen Province from 11-16 January and attended by some 450 officials and businessmen, has left many issues to ponder about. An issue which has dragged on and never received proper attention is the export of strategic goods. The government has enacted a decree banning the export of some 200 various goods, considered strategic, to Indochinese countries. These goods are locally produced industrial and agricultural products which the military establishment claims are strategic to the armed forces of the Indochinese countries. In other words, it is a military tactic to deprive opposition soldiers of essential goods. This justification on the part of the Thai side is rather unconvincing. Furthermore, it is rather vague to justify the decree on grounds of national security because the fact is there can only be national security after economic stability has been achieved. It must not be forgotten that soldiers will perform well only if their stomachs are full. Hunger and poverty are what undermine national security. This is the noble truth.

Indochinese countries have proposed in several instances to buy our (industrial) and agricultural products. These proposals were rejected by officials at the national level--the National Security Council, National Security Council Secretary General Squadron Leader Prasong Bunkit opposed such proposals vehemently, reasoning bluntly that Indochinese countries had no money and that they already owe a great deal in foreign debt. The fact is that all developing and underdeveloped countries in both the socialist and free world camps owe money to superpowers. Thailand (even) owes foreign governments and world banks hundreds of billion baht and is still paying those debts. This type of reasoning sounds like words were put into the speaker's mouth.

It is a fact that banning the export of some 200 strategic goods was done to meet the desire of a group of people and served the political interests of some people and the interests of certain superpower allies. At the same time it paid no attention to repercussions to our own economy and our businessmen, traders, and farmers. It has caused a surplus of goods and subjected them

products to preserve from other customers abroad. Some foreign businessmen bought our products cheaply and resold them in Indochinese countries, reaping huge profits. This has been going on for some time. Our senior officials have never addressed this problem to help solve the trade deficit problem. It appeared as if they deliberately wanted our economy to decline to the state it is in now.

It is a fact that Singapore Prime Minister Lee Kuan Yew--who is politician, businessman, and ASEAN's foremost opportunist--hands weapons to Thailand on the one hand while on the other hand sells all kinds of goods to Indochinese countries. Japan is no different--while it claims that it opposes Indochinese countries, it also openly gives economic assistance to those countries. The behavior of these two countries is obvious, why does our government act so naive?

Part 2

Let us analyze if Thailand's conflict with the Indochinese countries is intense enough to the point of declaring localized war with those countries. No one can say that the conflict between Thailand and the Indochinese countries in the form of a war of words and armed clashes is the result of animosity. The fact is that the conflict is the result of the Thai administration's wrong foreign policy--the lack of an independent policy caused by tying Thai foreign policy to superpowers. This immediately created conflict with the neighboring countries and damaged the country economically as well as brought disaster in terms of national resources and individual losses. And to date has Thailand received anything good in return from the superpowers? Not at all. It has only brought disaster to the entire country, undeniably creating uneasiness among the administration and military officials.

It can be said that the 200 items regarded as strategic goods are basic goods which would bring revenue to the country. However, once administrative leaders refused to act independently and relied on others continually, it is difficult for this type of leader to have the interests of the country at heart. First of all, they must consider their group's position and power. Therefore, people in the whole country will have to resolutely decide on this matter.

The current national economic failure led many businessmen and traders at the third meeting of the public-private sector consultative committee in Ban Kuan to express their views to relieve their long frustration. They appealed for the government to open the Lao border to facilitate trade and to lift the ban on trade of strategic goods. The government has not given a specific reply although the country's foreign markets have shrunk constantly. The U.S. Farm Act will also mean that agricultural exports, primarily rice, will be greatly affected. Hopefully, the government will not stand idle over this matter.

A good government which preserves national interests looks far into the future. All sides must join together to salvage the national economy for the sake of economic stability. Government stability will follow economic and political stability. For this reason, by trading with all countries irrespective of their political ideologies, Thailand would be conducting a correct policy. Today every country is competing to export and disregarding their tradition

partner's political ideology. A country which boycotts another is doing itself a disservice. For example, by boycotting the USSR over the Afghanistan issue, the United States lost a great amount of revenue and led to repercussions in its agricultural sector. In the era of Field Marshal Sarit Thanarat, Thailand joined the United States in boycotting China, which resulted in Thai markets in Hong Kong being badly affected. That should have taught us a lesson.

According to the 27 January 1986 issue of THAI RAT, Prime Minister General Prem said at the Khon Kaen meeting: In solving the country's economic problems, if the government sought political results, it could avoid confronting reality and putting off its work because it only has about 1 year left in office. Yes, As the head of the government who is responsible for the country's interests, why do you keep demanding gratitude from the people? Is the entire cabinet naive?

/8918

CSO: 4207/190

7 April 1986

THAILAND

ECONOMIC MINISTERS REJECT PROPOSED TIN COMPANY

BK110812 Bangkok Television Service in Thai 1300 GMT 10 Mar 86

[10 March statement by government spokesman Trairong Suwankhiri on the outcome of the meeting of the Council of Economic Ministers at Government House on 10 March--recorded]

[Text] The Industry Ministry reported to the meeting that, since 24 October 1985, the buffer stock fund of the international tin agreement has halted tin trading at the London metal market and at the Kuala Lumpur tin market because of the shortage of revolving capital funds. Moreover, the buffer stock fund has to repay debts to 14 banks and metal brokers in London amounting to over 30 billion baht. The International Tin Council appointed a working team comprising Japan, the Netherlands, Malaysia, and Thailand to negotiate with representatives of the creditor banks and the metal brokers to find a way to resolve the crisis. However, they failed to achieve any settlement because the members of the international tin agreement thought that they should be responsible for debts only up to the amount they had contributed to the stock fund but the creditors maintained that the member countries must pay all the debts incurred by the fund.

Finally, the metal brokers' representatives proposed on 28 February the establishment of a new company, Tinco Company Limited, with a registered capital of 270 million pounds sterling. This proposal was contained in a memorandum of understanding requesting approval in principle from the member countries. The Industry Ministry raised this issue for the meeting to consider. It said the establishment of this new company is aimed at releasing about 85,000 metric tons of the world's tin stock within 3 years and at carrying the whole debt burden of the stock fund, which is over 30 billion baht. The ministry asked the meeting to decide whether Thailand should participate in establishing the company or not. If Thailand agrees to join, it must contribute about 480 million baht in equity.

The Council of Economic ministers' decision on this issue is as follows: Although Thailand has explicitly demonstrated its desire to cooperate in any effort to solve the world tin crisis, it cannot accept several conditions for the establishment of the new company. For example, the company has to take over the 30,000 million baht in debts incurred by the International Tin Council. Second, nonmembers of the council benefit from the company without having to

share the debt burden. We think that this is unfair. Third, we also think that the equity proportions in the member countries are [word indistinct] this case, Thailand will have to pay as much as 480 million baht.

The meeting disapproved the package and thus assigned the Industry Foreign Affairs Ministries and minister attached to the Prime Minister Michai Ruchuphan to draft a letter to inform all parties concerned of our decision. This is the resolution adopted by the meeting of the Council of Economic Ministers today.

/8918

CSO: 4207/190

THAILAND

BRIEFS

PRC PARLIAMENTARY DELEGATION DEPARTS--Lu Zhengcao, vice chairman of the Chinese People's Political Consultative Committee [CPPCC], and the 16-man CPPCC delegation returned to Beijing this morning. Seeing the delegation off at Bangkok International Airport was deputy president of the Thai Parliament Piyanat Watcharaphon. The CPPCC delegation had been visiting Thailand since 7 March to strengthen ties between the Chinese and Thai peoples. While in Thailand, the delegation called on Princess Kanlayani Watthana, the Parliament president, and the deputy prime minister. [Text] [Bangkok Television Service in Thai 1300 GMT 15 Mar 86 BK] /8918

EXTENSION OF THE MILITARY SERVICE--Deputy Defense Minister Air Chief Marshal Phaniang Kantarat told reporters before attending the cabinet meeting at Government House this morning that the proposal for the extension of the military service of the supreme commander and army commander has already submitted to him in his capacity as deputy defense ministers. However, the issue will have to be decided by the prime minister in his capacity as defense minister. Meanwhile, Deputy Education Minister Samphan Thongsamak told reporters at Government House this morning about the time bomb which was planted yesterday at the provincial seat. He said that authorities are still unable to identify who is responsible for the incident. However, bomb experts believe that the people who planted the time bomb are not proficient in the use of explosives. The bomb was planted during the day and set to explode at about 2 A.M. of the following day. The timing of the bomb indicates that the incident was designed to merely intimidate authorities, not to cause any injuries. The deputy education minister noted that a similar incident happened at a provincial land office several years ago, saying that he did not think the bomb was planted by communist terrorists because, he added, the communist terrorists in the area are now inactive. Moreover, they do not have the manpower to carry out such an operation. As far as he knows, there is only one terrorist group operating in Tha Sala District; they engage in criminal activities without pursuing any political ideology. [Text] [Bangkok Domestic Service in Thai 0530 GMT 18 Mar 86 BK] /8918

CSO: 4207/190

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

DK ARMY COMMAND COMMENDS MONDOLKIRI TOWN ATTACK

BK130314 (Clandestine) Voice of the National Army of Democratic Kampuchea
in Cambodian 2315 GMT 12 Mar 86

[10 March letter of commendation from the DK National Army Supreme Command to cadres and combatants of the DK National Army unit on Mondolkiri battlefield]

[Text] 1. On the night of 1 March our national army launched a commando raid against Mondolkiri provincial town with the following noteworthy results:

We killed 15 Vietnamese soldiers; wounded 22 others; destroyed a number of assorted weapons, 1 ammunition depot, 1 provincial office building, 2 houses for Vietnamese provincial officials, 15 barracks, 1 large power generator, 2 typewriters, and some war materiel; and seized some weapons, ammunition, and war materiel.

2. The Supreme Command of the National Army of Democratic Kampuchea would like to commend cadres, combatants, and people on Mondolkiri battlefield for this feat of arms and call on them to sum up and draw experience from this splendid outcome of their attack against Mondolkiri provincial town so as to continue their attacks against the Vietnamese enemies more effectively and successfully on Mondolkiri battlefield.

3. The Supreme Command calls on cadres and combatants of our Democratic Kampuchean National Army and people on Mondolkiri battlefield to carry on their activities against the Vietnamese enemies in accordance with our new five attack tactics in order to cause more difficulties and greater impasse to the Vietnamese enemies.

[Dated] 10 March 1986

[Signed] The Supreme Command of the National Army of Democratic Kampuchea.

/8918

CSO: 4212/64

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

DK ARMY COMMAND COMMENDS RATANAMONDOL TOWN ATTACK

BK140253 (Clandestine) Voice of the National Army of Democratic Kampuchea in
Cambodian 2315 GMT 13 Mar 86

[Letter of Commendation from the DK National Army Supreme Command to cadres
and combatants of the DK National Army unit on Pailin Battlefield; dated
12 March]

[Text] 1. On the night of 3 March, our National Army launched a commando
attack against Ratanamondol District seat located at Sdaeung on Route 10 on
Pailin Battlefield with the following noteworthy outcome:

1. We killed 22 Vietnamese enemies and wounded 47 others; and destroyed 100
assorted weapons, 1 artillery shell depot, 1 ammunition depot, 5 Soviet-made
trucks, 7 motorcycles, 30 bicycles, 5 district office buildings, 50 barracks,
1 cloth storehouse containing 100 rolls of cloth, 1 rice storehouse contain-
ing hundreds of sacks of rice, 1 salt storehouse containing thousands of sacks
of salt, 2 prisons, and some war materiel.

2. We seized 50 assorted guns--including 1 80-mm mortar, 2 B-40 and B-41,
1 M-79, 15 AK's, 9 SK's, 10 AR-15's, 6 SKS's, 6 pistols--10 crates of AK
ammunition, 60 B-40 and B-41 rockets, 24 M-79 shells, 400 AR-15 rounds, 47
hand grenades, 40 rucksacks, and some war materiel. We freed 100 people
imprisoned by the Vietnamese enemies.

11. The Supreme Command of the National Army of Democratic Kampuchea ex-
presses its commendation to cadres, combatants, people, and fraternal
Cambodian soldiers on Pailin Battlefield and calls on them to sum up and draw
experience from this splendid outcome of their attack against Ratanamondol
district seat located at Sdaeung on Route 10 so as to continue their attacks
against the Vietnamese enemies more effectively and successfully on Pailin
Battlefield.

3. The Supreme Command calls on cadres and combatants of the Democratic
Kampuchean National Army and our people and fraternal Cambodian soldiers on
Pailin Battlefield to jointly carry on their activities against the Vietnamese
enemies in accordance with our new five attack tactics in order to cause more
difficulties and greater impasse to the Vietnamese enemies.

[Dated] 12 March 1986 [Signed] The Supreme Command of the National Army
of Democratic Kampuchea.

/8918

CSO: 4212/64

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

ROUNDUP OF VONADK 7-13 MAR BATTLE REPORTS

BK140811 [Editorial Report] (Clandestine) Voice of the National Army of Democratic Kampuchea [VONADK] in Cambodian broadcast the following battle reports during the reporting period 7-13 March:

VONADK at 2315 GMT on 7 March reports that DK National Army [DKNA] combatants attacked Speu Township in Chamka Leu District, Kompong Cham Province, on 4 March; dispersed and disintegrated Vietnamese commune administrations at Srange, Kompong Svay District, Kompong Thom Province on 28 February, at Kaoh Toch, Kampot District, Kampot Province on 1 March, at Chheuteal Commune, Battambang District, Battambang Province on 1 March, at Chhay Rumpoat Commune, Battambang District, Battambang Province on 1 March, in Cheung Prey District, Kompong Cham Province on 25 February, and in Prey Chhor District, also Kompong Cham Province on 27 February; destroyed a stretch of railroad on the MOUNG-PURSAT Battlefield in late February; ambushed Vietnamese units in Sisophon north of Route 5 and in Phnum Srok District, Battambang; and conducted other guerrilla activities on the North Sisophon Battlefield between 25 February and 4 March, killing 187 Vietnamese soldiers and wounding 110 others; destroying many office buildings, war materiel, rehouses, and railroad tracks; seizing some weapons and materiel; and liberating a township, some villages, and some people on various battlefields.

VONADK at 2315 GMT on 8 March reports that DKNA attacked Ratanamondol District seat, Battambang Province, on 3 March; fired a number of 107-mm rockets into Phnom Penh on 2 March; attacked a commune office in Sangke District, Battambang Province, on 28 February; attacked villages in Battambang District on 3 March and a commune office in this same district on 4 March; raided Rumchek Commune office in Kompong Siem District, Kompong Cham Province on 4 March, and several villages in Cheung Prey District, also Kompong Cham Province on 4 March; ambushed a Vietnamese company in Thalabariwat District, Stung Treng Province on 17 February; attacked a Vietnamese company position in Sandan District, Kompong Thom Province on 4 March; and conducted other actions between 26 February and 3 March on the Pailin, MOUNG-PURSAT, Kompong Som-Route 4, and Kampot Battlefields, killing or wounding 251 Vietnamese soldiers, destroying 5 district office buildings, 4 commune office buildings, 110 assorted guns, 5 trucks, 2 ammunition depots, 1 garment warehouse, 1 rice storehouse, 1 salt storehouse, 1 C-46 field radio, 1 C-25 field radio, 4 telephones, 7 motorcycles, 30 bicycles, 55 barracks, and a quantity of ammunition and materiel; and seizing 55 assorted weapons and a huge quantity of ammunition and materiel.

VONADE at 2315 GMT on 9 March reports that two Vietnamese trucks were ambushed on Route 6 north of Phnom Penh on 5 March; DK forces attacked and dismantled Kampong Roka Commune of Bakan District, Pursat Province on 1 March, Kanthao Commune, Kompong Trach District, Kampot Province on 2 March, Khcheay and Toloeng Communes, Tuk Meas District, Kampot Province on 1 March, Krang Snay Commune, Chuk District, Kampot Province on 6 March, Rovieng and Trapeang Krava Villages, Rolea P'ier District, Kompong Chhnang Province on 1 March, two villages in Kompong Svay District, Kompong Thom Province on 4 March, and O Commune in Phnum Sruoch District, Kompong Speu Province on 2 March; DK forces ambushed a "Vietnamese regiment in Santuk District, Kompong Thom Province on 5 March, another Vietnamese regiment in Puok District, Siem Reap Province on 2 March, and a Vietnamese battalion in Sot Nikom District, Siem Reap Province on 28 February; and several actions were conducted by DK forces on the Pailin, Kompong Chhnang, Siem Tan, Chhep, Siem Reap, Northern Phnom Penh, and Mounge-Pursat Battlefields between 23 February and 6 March. As a result of these actions, 292 Vietnamese soldiers were either killed or wounded; 3 commune office buildings, 45 assorted guns, 2 trucks, 1 ammunition depot, 12,000 liters of gasoline, 2 bicycles, 1 paddy storehouse, 5 military barracks, and some war materiel and ammunition were destroyed; and 7 guns and a quantity of ammunition and war materiel were seized by DK forces.

VONADE at 2315 GMT on 10 March reports that DK forces attacked Senmonorom, the provincial capital of Mondolkiri Province on 1 March; raided Treng Trayoeng Township on Route 4 in Kompong Speu Province on 6 March; ambushed 3 tractors pulling oil tankers on Route 6 on the northern Phnom Penh Battlefield on 6 March; dismantled the Vietnamese administration at Chamka Leu Commune in Siem Bok District, Stung Treng Province on 28 February, at Sre Ches Commune in Sambo District, Kratie Province on 28 February, and a commune in Cheung Prey District, Kompong Cham Province on 3 March; and conducted other actions on the Kompong Thom, Samlot, Kompong Som, Siem Reap, Pailin, Mondolkiri, Kompong Cham, Koh Kung, and North Sisophon Battlefields between 24 February and 6 March, killing or wounding 381 Vietnamese soldiers, destroying 1 provincial office building, 4 commune office buildings, 48 guns, 5 trucks, 3 tractors, 10 motorcycles, and bicycles, 1 ammunition depot, 2 typewriters, 1 big power generator, 1 sawmill, 2 wood cutting machines, 53 barracks, and some documents, ammunition, and war materiel; seizing 25 guns and some ammunition and materiel; and liberating 5 villages on Route 4.

VONADE at 2315 GMT on 11 March reports that DK forces dismantled the Vietnamese administration at Psat Commune in Preah Net Preah District on the North Sisophon Battlefield on 6 March; attacked Vietnamese soldiers in Thmar Puok District on the North Sisophon Battlefield on 1, 2, 4, and 7 March and in Preah Net Prea District on 1 and 4 March; ambushed a truck on the Samlot Battlefield on 3 March and another truck on 5 March and a Vietnamese battalion at Chamka Snoeng on the Samlot Battlefield on 5 March; and conducted other actions, including the attack on Kompong Thom Town, killing or wounding 482 Vietnamese soldiers, destroying 2 commune office buildings, 424 assorted weapons, 8 tanks, 32 motor vehicles, 1 arms depot, 5 ammunition depots, 105,000 liters of gasoline and diesel oil, 15 C-25 field radio sets, 14 telephones, 4 paddy storehouses, 5 rice storehouses, 1 garment storehouse, 2 provincial warehouses, 1 prison, 19 barracks, and some ammunition and materiel; seizing 19 guns, some

ammunition, and some war materiel; and liberating 40 villages on the Kompong Thom battlefield and 15 villages on the North Sisophon Battlefield.

VONADK at 2315 GMT on 12 March reports that DK forces dismantled Vietnamese administrations at Mesar Prachan Commune in Peareang District, Prey Veng on 3 March, at Prey Rumdeng Commune in Srei Santhor District, Kompong Cham on 4 March, at Trapeang Reang Commune in Chhuk District, Kampot on 8 March, at Kranh and Thmei Communes in Kampot District, Kampot on 2 and 8 March, at Svey Pong Commune in Kompong Trach District, Kampot on 3 March, at various villages in Stoeng Trang District, Kompong Cham on 5 and 6 March, at Svay Meas Village in Cheung Prey District, Kompong Cha on 5 March, and at four villages in Bakan District, Pursat on 3 March; ambushed 2 Vietnamese troop trucks moving from a village on the Moug-Prasat Battlefield on 7 March; and conducted various activities on the Pailin, North and South Sisophon, and East Battambang Battlefields between 2 and 9 March, killing or wounding 175 Vietnamese soldiers, dismantling Vietnamese administrations in 4 Communes and 27 villages; destroying 4 commune office buildings, 4 guns, 1 rice milling machine, 1 power generator, and some ammunition and war materiel; seizing 10 guns and some ammunition and war materiel; and liberating 2 villages on the Kompong Cham Battlefield and 3 villages on the Kampot Battlefield.

VONADK at 2315 GMT on 13 March reports that DK forces dismantled Vietnamese commune and village administration at Treng Comuen in Ratanamondol District on the Pailin Battlefield on 9 March and at Kouk Thom Commune in Mongkolborei District on the South Sisophon Battlefield on 7 March; attacked a Vietnamese company position at Svay Cheat in Battambang District on 8 March; and conducted other actions on the Pailin Battlefield on 7, 8, and 10 March, killing or wounding 76 Vietnamese soldiers; destroying 6 commune office buildings, 12 guns 2 motorcycles, 2,000 liters of gasoline, 2,500 liters of diesel oil, 1,500 liters of kerosene, and some ammunition and war materiel; and seizing 2 guns and some ammunition and war materiel.

VONADK at 2315 GMT on 10 March reports that DK forces attacked Senmonorom, the provincial capital of Mondolkiri Province on 1 March; raided Treng Trayoeng Township on Route 4 in Kompong Speu Province on 6 March; ambushed 3 tractors pulling oil tankers on Route 6 on the northern Phnom Penh Battlefield on 6 [word indistinct] dismantled the Vietnamese administration at Chamka Leu Commune in Siem Bok District, Stung Treng Province on 28 February, at Sre Ches Commune in Sambo District, Kratie Province on 28 February, and a commune in Cheung Prey District, Kompong Cham Province on 3 March; and conducted other actions on the Kompong Thom, Samlot, Kompong Som, Siem Reap, Pailin, Mondolkiri, Kompong Cham, Koh Kong, and North Sisophon Battlefields between 24 February and 6 March, killing or wounding 381 Vietnamese soldiers, destroying 1 provincial office building, 4 commune office buildings, 48 guns, 5 trucks, 3 tractors, 10 motorcycles, and bicycles, 1 ammunition depot, 2 typewriters, 1 big power generator, 1 sawmill, 2 wood cutting machines, 53 barracks, and some documents, ammunition, and war materiel; seizing 25 guns and some ammunition and materiel; and liberating 5 villages on Route 4.

VONADK at 2315 GMT on 11 March reports that DK forces dismantled the Vietnamese administration at Prasat Commune in Preah Net Preah District on the North

Sisophon Battlefield on 6 March; attacked Vietnamese soldiers in Thmar Puok District on the North Sisophon Battlefield on 1, 2, 4, and 7 March and in Preah Net Preah District on 1 and 4 March; ambushed a truck on the Samlot Battlefield on 3 March and another truck on 5 March and a Vietnamese battalion at Chamka Snoeng on the Samlot Battlefield on 5 March; and conducted other actions, including the attack on Kompong Thom Town, killing or wounding 482 Vietnamese soldiers, destroying 2 commune office buildings, 424 assorted weapons, 8 tanks 52 motor vehicles, 1 arms depot, 5 ammunition depots, 105,000 liters of gasoline and diesel oil, 15 C-25 field radio sets, 14 telephones, 4 paddy storehouses, 5 rice storehouses, 1 garment storehouse, 2 provincial warehouses, 1 prison, 19 barracks, and some ammunition and materiel; seizing 19 guns, some ammunition, and some war materiel; and liberating 40 villages on the Kompong Thom battlefield and 15 villages on the North Sisophon Battlefield.

VONADE at 2315 GMT on 12 March reports that DK forces dismantled Vietnamese administrations at Mesar Prachan Commune in Peareang District, Prey Veng on 3 March, at Prey Rundeng Commune in Srei Santhor District, Kompong Cham on 4 March, at Trapeang Reang Commune in Chinuk District, Kampot on 8 March, at Kranh and Thmei Communes in Kampot District, Kampot on 2 and 8 March, at Svey Pong Commune in Kompong Trach District, Kampot on 3 March, at various villages in Stoeng Trang District, Kompong Cham on 5 and 6 March, at Svay Meas Village in Cheung Prey District, Kompong Cham on 5 March, and at four villages in Bakan District, Pursat on 3 March; ambushed 2 Vietnamese troop trucks moving from a village on the Moung-Prasat Battlefield on 7 March; and conducted various activities on the Pailin, North and South Sisophon, and East Battambang Battlefields between 2 and 9 March, killing or wounding 175 Vietnamese soldiers, dismantling Vietnamese administrations in 4 communes and 27 villages; destroying 4 commune office buildings, 4 guns, 1 rice milling machine, 1 power generator, and some ammunition and war materiel; seizing 10 guns and some ammunition and war materiel; and liberating 2 villages on the Kompong Cham Battlefield and 3 villages on the Kampot Battlefield.

VONADE at 2315 GMT on 13 March reports that DK forces dismantled Vietnamese commune and village administration at Ireng Commune in Ratanamondol District on the Pailin Battlefield on 9 March and at Kouk Thom Commune in Mongkolborei District on the South Sisophon Battlefield on 7 March; attacked a Vietnamese company position at Svay Cheat in Battambang District on 8 March; and conducted other actions on the Pailin Battlefield on 7, 8, and 10 March, killing or wounding 76 Vietnamese soldiers; destroying 6 commune office buildings, 12 guns 2 motorcycles, 2,000 liters of gasoline, 2,500 liters of diesel oil, 1,500 liters of kerosene, and some ammunition and war materiel; and seizing 2 guns and some ammunition and war materiel.

/8918

CSO: 4212/64

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

BRIEFS

MEDICAL EXAMINATION SHOWS MINOR AILMENTS--Beijing, March 15 (AFP)--Prince Norodom Sihanouk, coalition leader of the anti-Vietnamese Cambodian resistance, suffers some chronic minor ailments linked with too much good living but is otherwise healthy, a copy of the prince's latest medical examination released here Saturday showed. Among the ailments listed in the medical report, released by the prince's office, was a fatty liver, high cholesterol, dry skin and several eye conditions including early stages of cataracts. Suggestions from the doctors included a diet low in fat, sugar and cholesterol, mild exercise and fewer baths, as well as medicine for the cataracts. Questions about the prince's health were prompted after he was hospitalized here from March 3 to March 11 for a general examination. Prince Sihanouk is known to have a keen appreciation for fine food, especially French cuisine. Meeting coalition partners Son Sann and Khieu Samphan on their arrival here for consultations Saturday, Prince Sihanouk said in response to reporters' questions that he would send them "a photocopy of my health bulletin." [Text] [Hong Kong AFP in English 0607 GMT 16 Mar 86 HK] /8918

MONDOLKIRI PROVINCIAL TOWN ATTACKED--Mondulhiri battlefield: On the night of 1 March our national army launched a two-pronged commando raid against Mondulhiri provincial office located at Senmonorom. The first prong attacked the Vietnamese enemy's provincial office and the second prong attacked the residence of the Vietnamese provincial officials. After 15 minutes of fighting, we smashed and took full control of these two targets. We killed 15 Vietnamese soldiers and wounded 22 others; destroyed 1 80-mm mortar, 3 60-mm mortars, 6 B-40's and B-41's, 8 AK's, 2 RPD's, 1 ammunition depot which burned throughout the night, 1 provincial office building, 2 brick houses of the Vietnamese provincial officials, 15 barracks, 1 large power generator, 2 typewriters, and some war materiel; and seized a quantity of weapons, ammunition, and war materiel. North Phnom Penh battlefield: On 6 March our national army ambushed three tractors hauling oil tankers along route 6 at a place 2 km east of Prek Kdam. We destroyed and set ablaze the three tractors and tankers containing 10,000 liters of gasoline and killed two Vietnamese soldiers. The survivors fled. [Battle Report from Various Battlefields] [Excerpts] [(Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 10 Mar 86 BK] /8918

CSO: 4212/64

LABOR

STATE FARMS RECRUIT LOCAL MONTAGNARD LABOR

Hanoi TAP CHI KE HOACH HOA in Vietnamese Aug 85 pp 27-28

[Article by Nguyen Van Hung, Gia Lai-Kon Tum Provincial Planning Committee: "Introduction of Local Labor to State Farms in Gia Lai-Kon Tum"]

[Text] After the total liberation of the south, implementing the Central Highlands economic construction and development position of the party within Gia Lai-Kon Tum Province, many new state farms were established. The labor source to complete these state farms was primarily workers transferred from the provinces of northern Bac Bo such as Ha Nam Ninh, Thai Binh, Hai Hung, etc. or from army units as an economic construction assignment. Labor forces from the northern provinces transferred to Gia Lai-Kon Tum were truly an important factor in the formation and expansion of state farms in these "vast land area, sparsely populated" Central Highlands. However, the resident labor forces of ethnic minorities in the local area have still not been mobilized. This has led to a general situation in the state farms in which the land under management is extremely broad without sufficient strength for full exploitation; while in the same area, the ethnic minority people must stand on the outside of these state-operated economic organizations and compete for farmland with the state farms. Therefore, formation of state farms in the local area has not maintained close contact with the mission of developing the lives of the ethnic minorities; those residing around the state farms are still poor and backward. Along with that, reactionaries continue to distort the party line, adversely affecting the ethnic minority policy.

During the past few years, implementing the position of closely connecting the strengthening and construction of state farms with the ethnic minority policy of our party, a number of state farms in Gia Lai-Kon Tum have tested forms of recruiting entire hamlets and villages of local ethnic minorities into state farms. Although this procedure encountered a great many difficulties and still has problems requiring active additional study, there were initially good results in many aspects. Using the Chu Prong Rubber Corporation as an example to examine this matter, we recognize a number of points worthy of attention.

Previously a state farm of the Agricultural Service, Chu Prong was formed in 1975 with forces of cadres and workers initially transferred south from Ha Nam Ninh. Since the middle of 1984, in order to rapidly expand the rubber raising area in the Central Highlands, the Chu Prong Rubber Corporation was established on the foundation of the Chu Prong State Farm and three additional new state farms were established, also within Chu Prong District. Also since then, the

corporation has been able to recruit resident labor from among the local ethnic minorities. In 1954, the corporation had 1,450 hectares of newly constructed rubber area and from 1955 on, each year will newly plant another 500 to 1,000 hectares; while simultaneously preparing to exploit and process the area of rubber reaching production age. To achieve these missions, the corporation has 1,689 laborers of all types on its rolls.

During previous years, the recruiting of labor from the northern provinces was usually extremely difficult, especially in time and in the excessively high recruiting expenses. Thanks to the recruitment of resident labor, within only a short period of time, the corporation has been able to recruit 477 ethnic minority workers, equal to 28.3 percent of the present labor force. The primary form used by the corporation is the introduction of villages and hamlets into the state farms with the rational application of current state labor recruitment standards. Some of the laborers become state farm workers and the remainder are used in accordance with forms of cooperative labor and contracted hiring. Each village or hamlet within the scope of the state farm is a primary level unit for establishing specialized production units, command unit organizations and economic and technical cadres.

At the present time over the entire area, the corporation has been able to recruit four villages into state farms: including Ia Boong Village with two hamlets, 138 laborers and 153 dependents; Iato Village with 107 laborers and 80 dependents; Iame Village with three hamlets, 118 laborers and 143 dependents; and Quao Village (of Ia Bong Village) with 60 laborers and 76 dependents. To manage and best utilize the ethnic minority labor force, the corporation had had an ethnic minority district vice chairman appointed by the province to who currently serve as the corporation deputy director and there are a number of other district cadres who are also ethnic minorities serving as assistants to the corporation director.

Through a year of testing, we feel that this is a form of labor recruitment consistent with the characteristic of the economic and social situation in the Central Highlands in general and in Gia Lai-Kon Tum in particular. The success of the Chu Prong Rubber Corporation as well as other state-operated units in Gia Lai-Kon Tum has permitted the initial extraction of a number of observations:

First, although the majority of the ethnic minorities in the Central Highlands after 10 years of liberation have settled down, they still primarily practice nomadic farming and their present introduction to state farms is a leap forward in development of profound political and social significance; with their direct participation in building and controlling the state farm, protecting the state farm and strengthening national solidarity, causing the Fulro reactionaries to lose their place of refuge.

Second is that it ensures the ethnic minorities a stable life and gradual improvement and development.

Through the results of primary production labor and through family economy, in conjunction with the comprehensive business development of the state farm, the

laborers and their families have enjoyed equality, earned a fair income, and clearly improved their standard of living, and the ideological standards and cultural lives of every individual in the state farm have been raised. Everyone contentedly and conscientiously participates in labor with a high man-day level and the high technology and ability of the ethnic Vietnamese worker.

Third is that the introduction of local ethnic minorities to state farms has allowed a saving in recruiting expenses such as reductions in expenses for area moves, initial subsidies, and transportation of workers down from the north, and especially a reduction in the initial expenditures of constructing housing for the workers. After the worker is recruited, he can immediately take a hand in the work without the loss of stabilization time. It is also necessary to recognize that in the Chu Phong Rubber Corporation, although the recruitment standards for workers and their dependents were appropriately applied and there was no pressure, the percentage of worker dependents was only 1.25, lower than the labor recruited from other locations and lower than the stipulated standards of the state (1.5 percent).

Therefore, examining the pure economic effectiveness, the form of recruiting resident labor has reduced expenses much more than recruiting from the other locations.

In order for this form of labor mobilization to be firmly effective, we see the necessity for studying and resolving a number of problems:

--Actual practice has proven that although the standards of the ethnic minorities are still low, when employed as state workers, they make rapid progress both in ideological perception and in technical standards and abilities to swiftly answer the requirements of production. A necessity in the local area and state farm is a truly specific labor mobilization plan closely connected with the application of consistent policies such as age, health, proportion of dependents and workers, cultural standards, monthly grain allowances, etc. The solution of these problems must also specifically examine and overcome appearances of bureaucracy and state subsidization. Generally speaking, solution requires careful examination of the economic and social effectiveness. This form must not be expanded in an impetuous manner nor should it be totally discarded as in a number of locations. It is also necessary to make improvements in the labor selection procedures, reducing the intermediate steps and unnecessary and complicated red tape, allowing the ethnic minorities to easily participate in building state farms in their own local area in accordance with their own aspirations. The problems presented here are the autonomy in labor recruitment and labor use of the state farm directors; all echelons and sectors must respect and create conditions for the state farm directors to exercise this right.

On the other hand, it is necessary to give extreme importance to the plan for rational labor organization in the corporation, working to properly utilize every labor force (including auxiliary labor) of each hamlet and village in the state farm; state farms are responsible for elementary and advanced training of ethnic minority workers in their own unit to achieve definite cultural and technical standards. At the same time, it is necessary to actively supervise

and mobilize ethnic minorities within the area of the state farm (first of all the families of workers) to strongly develop family auxiliary economy, and each state farm must conduct comprehensive business to properly coordinate agricultural, forestry and industrial development, ensuring a prosperous life and additional products for society.

--In conjunction with this form, it is necessary to continue planning and organization to mobilize labor forces from the provinces of the north, more effectively achieving the policy of population redistribution throughout the country.

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POPULATION, CUSTOMS, AND CULTURE

POPULATION TRANSFER REQUIRES BETTER PLANNING

Hanoi TAP CHI KE HOACH HOA in Vietnamese Aug 85 pp 25-26

[Article by Le Duy Phuong, Nghe Tinh Planning Committee: "Experience in Population Transfer Planning"]

[Text] The Resolution of the Fifth Congress of our party stated, "Expand labor reallocation and redistribution and properly use labor throughout the nation to increase labor productivity. This is a requirement and at the same time the primary theme of the economic and social plan. The expansion of resident labor redistribution accompanies labor reallocation on a nationwide scale." In order to achieve this, we must properly implement a population transfer plan aimed at reallocating labor throughout the nation along a direction of: "Coordinating labor with land, and with sources of natural resources and other production materials."

Achievement of this plan during the past few years has produced many results and within specific fields has and is creating conditions for plots of land in the Mekong Delta, Central Highlands and coastal areas of Thuan Hai, Minh Hai and Kien Giang to begin the planning of effective construction and exploitation with the allocation there of hundreds of thousands of laborers. Tens of thousands of families have moved there from the Red River Delta and former Region 4 to settle and the majority have begun to make a stable living.

The process of population transfer has also indicated there are still many problems requiring continued study and better and more urgent solution before the requirements of strong and effective work can be answered and a more beautiful look be given to the new economic zones. These are the problems of formulating and organizing achievement of plans as well the accompanying policies such as investment, finances, culture and society, etc.

We will make a great mistake if we wait for sufficient material and spiritual requirements before strongly conducting population transfer. However, it will also be a big mistake if we accomplish the task in a rapid and impetuous manner with a nonspecific plan. Actual practice has shown us that problems exist for which there are still no conditions to resolve but there are also many solvable problems which are not being resolved or not from beginning to end.

To resolve these problems, with respect to planning, we wish to present the following opinions:

First of all, we will mention the characteristics of planning. Differing from other types of norms, within this norm (of population transfer), achievement responsibility belongs to two local areas and sectors of the central government (even within a single province, the responsibility belongs to two districts and various sectors of the province). The second characteristic is that over a broad area, we are not only transforming the economic elements (materials and labor) but also changing the social elements (at times changing the total composition of a population community in total structure and content). Third is that in the population transfer plan, the use of calculated norms is fairly complex (large numbers, difficult to define quality and methods of calculation dependent on many factors, etc.). The fourth characteristic is that more than any other plan, this one is closely connected to related policies and systems and therefore demands the harmonious and synchronized coordination of each sector, organization and social group, etc. Finally, this plan has only been formulated and achieved for not quite a decade and we still lack experience.

The characteristics above adversely affect decisions on planning methods and procedures.

--It is necessary to develop the collective ownership rights of the laboring people and planning echelons in order to formulate a plan from the primary level. To accomplish this, after receiving guidance figures, localities must work with each other in a truly careful manner. Furthermore, the central government (Council of Ministers, State Planning Commission, ministries, etc.) must hold careful discussions with the local areas (the locations where people are departing and those where they are arriving); only in this manner does the guidance become plan norms with a foundation.

Every unilateral action leads to a lack of accuracy or clarity in subsequent achievement responsibility.

--A population transfer norm must be formulated through three steps. After two provinces receive guidance figures, the one sending people must work directly with the one where the people will arrive. Both parties must hold careful discussions on the location and factors of achievement, subsequently reaching an agreement and submitting a report to the central government.

When an official norm already exists, the province forming a departure group surveys the location to confirm the number of people that can be transferred and all other associated factors and conditions. Last is a plan for supervising the specific achievement of local areas and sectors concerned with responsibility, formulating this plan with sufficient elements for production, life, transportation, etc. with assignment of specific responsibility for times and locations.

--Based on the fixed norms, the supply requirements for those departing to build new economic zones must calculate norms and be in conjunction with the transfer norms. Interministerial guidance is necessary in the establishment of consumption funds for new economic zones. During the past few years, many shortcomings have existed in this task. Production tools, family implements, medicines and textbooks supplied to those departing to build new economic zones have still not answered requirements.

We think that the norms and policies must be clear, flexible and regularly supplemented, especially during the present situation of unstable prices.

Because it is a comprehensive plan with responsibility for achievement within all sectors and mass organizations, it is necessary to clearly assign the responsibility not only by directives but by a system of norms assigned to all sectors. Because it is this very issue that is not being properly achieved, in many locations, cultural, social and administrative management requirements are being resolved slowly. Because sectors summarize the financial and labor plans in accordance with each local area, there is constant preliminary summarization and control with timely assistance on the basis of firm coordination.

Briefly, in the task of population transfer to build new economic zones, the abilities are being transformed into achievement over a broad field and the prospects are extremely good. However, it is necessary to be more specific and prompt in planning and achievement guidance. On the basis of strengthening economic information, it is necessary to ensure better coordination between sectors and local areas. Every problem must be immediately resolved on site with the presence of the sectors and local areas.

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